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# FINANCIAL TIMES

Europe's Business Newspaper MONDAY JANUARY 16 1995 D8523A


## Russian assault fails to rout Chechen fighters

Chechen resistance fighters were last night stubbornly clinging on to parts of their ruined capital, Grozny, despite a ferocious assault by Russian forces determined to end the conflict. The whereabouts of Chechen president Dzhokhar Dudayev were unknown, but his eldest son was reported to be among hundreds of Chechens killed in the fighting. The United Nations began an airlift of humanitarian aid to help the thousands of refugees flooding out of Chechnya. Page 14; Yeltsin aide sees sharp right turn, Page 2

**Tokyo may resume loans to Iran:** Japan is considering resumption of official loans to Iran in defiance of appeals from the US, Britain and Israel, which are concerned over the Tehran regime's alleged terrorist links. Page 3

**Fininvest chief to step down:** Franco Tatò, 62, is planning to step down as managing director of Fininvest, the diversified family holding company owned by Silvio Berlusconi, Italy's outgoing prime minister. Page 15

**Dini prepares technocratic government:** Lamberto Dini, Italy's premier designate, is expected to draw up his technocrat cabinet in the next two days, paving the way for the formation of the country's 54th post-war government. Page 2; Editorial Comment, Page 13

**Waigel ally may join Bundesbank board:** Peter Schmidhuber, 63, a departing EU commissioner and political ally of German finance minister Theo Waigel, has been nominated to join the seven-member Bundesbank board. Page 2

**Decision likely on Saatchi name change:** Advertising group Saatchi & Saatchi could change its name this week, depending on the outcome of the group's first board meeting since Maurice Saatchi was ousted as chairman. Page 15

**UK offers China £1bn guarantees:** Britain is making available £1bn ($1.6bn) worth of new export credit guarantees to China in a five-year package designed to encourage trade in the telecommunications sector. Page 3

**Lloyd's back in profit:** Lloyd's of London returned to profitability in 1993 for the first time since 1987, but has yet to prove it can meet its target rate of return over a longer period, a report on the insurance market suggests. Page 5

**Oslo attacked for banking move:** Norway's banking community condemned the minority Labour government's draft legislation to tighten its grip on the country's two largest commercial banks. Page 4

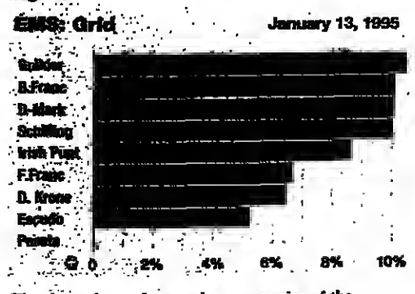
**Nigeria abolishes exchange controls:** Nigeria abolished foreign exchange controls and restrictions on foreign investment in its 1995 budget in an attempt to promote private sector-led growth and reach agreement with the International Monetary Fund and official creditors. Page 4

**Tyre group bows to pressure from Clinton:** Japanese tyremaker Bridgestone bowed to pressure from US president Bill Clinton to resume talks over a labour dispute in the US with the United Rubber Workers union. Page 3

**Labour to review bank regulation:** The British Labour party is considering a plan to take supervision of banks away from the Bank of England and set up a commission to regulate banks and building societies. Page 5

**Broadgate battle nears climax:** The battle for Broadgate is likely to reach a climax this week after the two sets of banks which control the prestigious London office development were close to accepting offers from different parties. Page 15

**European Monetary System:** The Austrian schilling joined the EMS grid as continuing political instability caused turbulence in foreign exchange markets and battered the Spanish peseta, prompting the spread between the weakest and strongest currency to widen. The D-Mark, which benefited from a flight to quality, improved against the Spanish currency by two percentage points. Currencies, Page 23




*The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the guilder which move in a 2.25 per cent band.*

**Pope draws biggest crowd:** Pope John Paul drew the biggest audience of his 17-year office at a mass in Manila in the Philippines.

**Euro Disney plans university:** Euro Disney, operator of the Paris-based theme park, said it might open a university to train Europeans in the art of American-style customer service. Page 2

**Sunday betting begins:** Horse racing with betting took place on a Sunday for the first time in Britain. Nearly 4,000 people attended the first of 26 Sunday point-to-points planned for 1995.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Austria | Sch35 | Greece | Dr400 | Malta | Lm0.60 | Qatar | QR13.00 |
| Bahrain | Din1.250 | Hong Kong | HK$18 | Morocco | MDh15 | S.Arabia | SR11 |
| Belgium | BFr70 | Hungary | Ft185 | Neth | Fl 4.25 | Singapore | S$4.30 |
| Bulgaria | Lev20.00 | Iceland | IKr220 | Nigeria | Naira50 | Slovak Rep | KSL60 |
| Cyprus | C£1.10 | India | Rs75 | Norway | NKr18.00 | S. Africa | R12.00 |
| Czech Rp | CZK55 | Israel | Shk7.50 | Oman | OR1.50 | Spain | Pts225 |
| Denmark | DKr17 | Italy | L3000 | Pakistan | Rs40 | Sweden | SKr17 |
| Egypt | E£5.00 | Japan | Y500 | Philippines | Pso50 | Switz | SFr3.60 |
| Estonia | EKr 20 | Jordan | JD1.50 | Poland | Zl 42,000 | Syria | S£50.00 |
| Finland | FM15 | Kuwait | Fils625 | Portugal (cont) | Esc230 | Tunisia | Din1.500 |
| France | FFr10.50 | Lebanon | US$1.50 | | | Turkey | L40,000 |
| Germany | DM3.00 | Lux | LFr70 | | | UAE | Dh12.00 |

# Brittan seeks CAP debate after critical reports

By Caroline Southey in Brussels

Sir Leon Brittan, the EU trade commissioner, will today launch a fresh debate on the future of the Common Agricultural Policy with the publication of four reports calling for radical reforms to prepare the way for the former communist countries of central and eastern Europe.

The studies, from Germany, Britain, France and Italy, conclude unanimously that the CAP must have extensive changes if the EU is to meet its goal of bringing Poland, the Czech Republic, Hungary, Slovakia, Bulgaria and Romania into the union early in the next century.

Sir Leon is releasing the reports as he prepares to cede responsibility for eastern Europe in the new European Commission headed by Mr Jacques Santer. Aides said it was a calculated attempt to influence the debate on CAP reform and champion the cause of enlargement.

The reports argue that CAP is inefficient, bureaucratic and that future reforms should extend beyond those negotiated in 1992 by Mr Ray MacSharry, then EU agricultural commissioner, which shifted farm support away from high guaranteed prices towards direct income payments to farmers.

The authors call for reductions in direct payments to farmers, the abolition or substantial reduction of support prices, and making national governments partially responsible for income support payments.

"An attempt can be made to maintain the CAP, with high support levels, or to meet the problems in the simplest way by reducing prices substantially and maintaining support for farmers through other means," argues one of the authors, Professor Allan Buckwell, from Wye College, University of London.

These suggestions go to the core of the CAP and would meet fierce resistance from farm lobbyists, some EU governments and sections of the European Commission if placed on the negotiating table. "The proposals are politically naive," an agricultural official in the Commission said.

But the academics all argue forcefully against an early extension of the CAP as structured. This "status quo" solution would be too costly and could lead to the EU failing to meet its commitments under the terms of the General Agreement on Trade and Tariffs, particularly in relation to subsidised exports.

It would also create inflationary pressures in the economies of the six states, distort agricultural production, have negative budgetary effects and hit consumers, they argue.

The academics disagree on how quickly the reforms could be implemented, but the consensus appears to be 2000 at the earliest and 2005 at the latest. However, they suggest a rapid transition to low common prices would be best.

There is little common ground on how much enlargement would cost, with estimates ranging from Ecu13.5bn ($16.6bn) to Ecu32bn. Mr Buckwell gives no figure and argues that all previous estimates could have been overstated because the constraints imposed by the Gatt agreement had not been taken into account.

Seeking an agricultural policy for a wider EU, Page 2

# US to set tough terms for Mexico loan guarantees

By Ted Bardacke in Mexico City

US Secretary of State Warren Christopher warned yesterday that the US was intending to set "tough" conditions on the collateral for a proposed package of loan guarantees for Mexico designed to help the country solve its financial crisis.

Mr Christopher stopped short of supporting demands by some members of US Congress that Mexico be required to use petroleum reserves as collateral for the loan guarantees, which could be as much as $40bn. Mexican officials say they will only offer future oil export revenues as collateral.

"We want to make sure there are tough conditions to protect our interests," Mr Christopher said. "On the other hand, we don't want to use this moment to be so overbearing that we don't act as a good friend to Mexico."

Offering oil reserves, as opposed to revenues from those reserves, as collateral to foreigners would complicate an already delicate domestic situation in Mexico, where state control of oil is an important symbol of national pride. If this issue were to be pressed, the US support plan could be undermined by domestic political opposition.

Mexican officials, including Mr Guillermo Ortiz, the finance minister, hope the assistance package will raise the country's international standing enough to allow officials to focus on domestic economic and political reform.

"If you have disorderly markets, it is very difficult to implement the kind of adjustment programme that you want. The necessary condition to get any programme going is to stabilise the markets," Mr Ortiz said.

The plan will face a test today when Mexican financial markets reopen, after the peso gained in strength late last week. However, it is a national holiday in the US, and Wall Street will be closed.

"I think that the market's perception prior to this operation and after this operation will be different," Mr Ortiz said.

Mexican business leaders have been urging the government to focus on domestic reforms. In the past week, several meetings between business groups and government economic officials ended abruptly when the officials admitted they still had no industry-by-industry rescue plan ready.

Contracts with unions are due for renegotiation in coming weeks, and will be influenced by the inflationary side-effects of the devaluation. Mr Ortiz admitted that in the first quarter "there is going to be an inflationary bubble, no question about it", making labour talks "a real problem".

He admitted that some companies are "likely" to pay higher wages than the 7 per cent agreed in the government's emergency economic plan signed with business and labour unions. The overall inflationary effect of the devaluation is likely to depend on exchange rate fluctuations.

The government's latest projections estimate a 19 per cent inflation rate for 1995, while most private economists project a 25-35 per cent inflation rate, assuming an exchange rate of 4.5 pesos to the dollar. The peso opened for trading today at 5.25 to the dollar.

US guarantees give Mexico a silver lining, Page 4

Supporters of South African Communist party leader Joe Slovo at his funeral in the black township of Soweto. Slovo, who died of cancer aged 68, spent his life fighting apartheid Picture: Reuter

# Railways consortium to develop Euro-cable network

By Alan Cane in London

A consortium of 11 European railway companies, including British Rail, SNCF of France and Deutsche Bundesbahn, have joined with a US telecommunications group to develop a cross-border European communications network.

The joint venture, Hermes Europe Railtel, is today inviting six of the world's leading telecommunications equipment manufacturers to bid for construction of the first stage of the network – estimated to cost about Ecu500m ($615m).

It plans to lay fibreoptic cables alongside Europe's rail lines to provide an uninterrupted network across national borders. Hermes plans to award the first contract in April; construction is expected to start later in the year.

A statement of requirements is being sent to Alcatel of France, AT&T of the US, Ericsson of Sweden, Nokia of Norway, Northern Telecom of Canada and Siemens of Germany.

Hermes is a joint venture between Hitrail, the European railways consortium, and Global Telesystems Group (GTS), an independent US developer and telecommunications company operator.

Hermes' managing director is

Continued on Page 14

# China buys French N-power reactors in $2.8bn deal

By Tony Walker in Beijing

French companies yesterday signed a $2.8bn deal to supply China with two 1,000MW power units for its ambitious nuclear programme in the energy-starved south.

Representatives of Framatome, GEC-Alsthom and Electricité de France witnessed a signing ceremony at Beijing's state guest house involving Mr José Rossi, France's minister of industry, and vice-premier Zou Jiahua.

The agreement follows months of tense negotiations, including two days of virtually non-stop discussion that produced the weekend's last-minute agreement before a deadline on an interest rate increase came into effect.

The Organisation for Economic Co-operation and Development benchmark rate was scheduled to rise by 1.5 percentage points to 8.35 per cent, which would have added substantially to the cost of the project.

The French companies won agreement for the second stage of the Daya Bay nuclear project in Guangdong province adjacent to Hong Kong following the successful commissioning last year of

Continued on Page 14
UK offers guarantees, Page 3

# Dini poised to form technocrat cabinet

By Robert Graham in Rome

Mr Lamberto Dini, Italy's premier designate, is expected to draw up a cabinet of technocrats in the next two days, paving the way for the formation of the country's 54th post-war government.

President Oscar Luigi Scalfaro asked Mr Dini to form a government on Friday, ending three weeks of political tension in the wake of the resignation of the right-wing coalition headed by Mr Silvio Berlusconi.

The head of state is anxious that a new government be formed as soon as possible to end the political uncertainty that has seriously damaged Italy's international credibility and forced the lira to historic lows against the D-Mark.

Although Mr Dini will not formally drop his reservations over forming a government until his cabinet obtains the tacit backing of the main political parties, he is now seen as the sole viable option to early elections.

Over the weekend he continued to receive favourable comments from leading politicians, who all appeared relieved by Mr Scalfaro's choice. This should strengthen the hand of the 63-year-old treasury minister and former director-general of the Bank of Italy, even though he has no political base for what promises to be a difficult period in government.

Mr Dini has pledged to concentrate on four priorities – Italy's deteriorating public finances, pension reform, reform of laws governing regional elections (due in the spring), and the introduction of new rules governing use of the media. He has let it be known he intends to operate with a small team of ministers chosen for their technical competence rather than their political affiliations.

Mr Berlusconi risks being a big loser, having been forced to resign as premier after less than nine months in office and only a year as politician. He is thus likely to seek to retain some influence over the direction of policy – especially that concerning the media, given the sensitive nature of his ownership of three television channels.

Significantly, Mr Dini made no mention of the need to introduce new anti-trust laws, crucial to avoiding the many conflicts of interests that have appeared as a result of Mr Berlusconi entering politics.

Equally, President Scalfaro will seek a say in the cabinet, to ensure Mr Dini respects his mandate. Also unlike Mr Berlusconi, who wants the Dini government to guide the country to elections as early as June, Mr Scalfaro has fixed no time limit. Instead he has made a gentlemen's agreement with Mr Berlusconi to dissolve parliament as early as is practical.

Editorial Comment, Page 13


"You expect us to invest in bottling water that comes straight out of the ground? Eau-no Monsieur"

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Strategy of re-nationalisation alarms liberals and foreign investors

# Chubais assails privatisation chief

By John Thornhill in Moscow

Mr Anatoly Chubais, Russia's reformist first deputy prime minister, has hit back at the head of the country's privatisation agency, who has alarmed liberal politicians and foreign investors by arguing for the re-nationalisation of strategic assets.

In an interview in Izvestiya newspaper, Mr Chubais said he had assumed overall responsibility for the privatisation agency, following a decision by Mr Victor Chernomyrdin, the prime minister, on Thursday. Mr Chubais said he had since met Mr Vladimir Polevanov, who succeeded him as head of the privatisation agency last autumn, and in a "complicated conversation" emphasised the collective responsibilities of government.

Mr Chubais said recent statements by Mr Polevanov, in which he had talked about returning privatised metals and energy companies to state ownership, ran counter to existing legislation, the government's stated privatisation policy and the president's decrees. "They reflected his personal viewpoint, which he passed off as the official position," said Mr Chubais, who was the chief architect of Russia's massive but controversial privatisation programme.

The fight over the future of Russia's privatisation agency is seen by many as part of a broader struggle between reformers and reactionaries.

Mr Chubais's assurances that economic reform has not been blown off course come as an International Monetary Fund delegation arrives in Moscow this week to resume talks about supporting a tough budget intended to stabilise Russia's economy this year.

But the Chechen war has raised doubts about whether western financial support will be forthcoming and has seemingly strengthened the influence of the "power ministries", such as defence, which oppose the budget and want greater government spending to be financed by central bank credits.

Mr Chubais acknowledged that the Chechen war and Mr Polevanov's statements had sown confusion among Russia's businessmen and foreign investors and had hit the country's fledgling stock markets. Foreign share purchases, which according to Mr Chubais were running at $500m (£320m) a month in the autumn, have now fallen to less than a tenth of that.

# Yeltsin aide sees sharp right turn

By John Lloyd in The Hague

One of President's Boris Yeltsin's advisers yesterday forecast a sharp turn to the right in Russia, with the decimation of democratic parties at parliamentary elections due later this year, as a result of the war in Chechnya.

Mr Emil Payin, the presidential adviser on ethnic relations, also said, "Conditions have never been so good for a coup in Russia. If there were a force organised to take power it would meet little resistance from society."

He said that he had now "all but 100 per cent" decided to resign. The liberal aides to the president, he said, had been "entirely cut out of decisions on Chechnya and all alternative policies have not even been considered. Decisions are taken in a very narrow circle. There is a tiny chance of the appearance of a 'new Yeltsin' again committed to reform – but it becomes smaller all the time. This can't go on much longer; and if nothing changes, I and very many others will leave."

"The failure of the democratic parties at the next elections [due in December 1995] is now all but certain. Probably that's true in the presidential elections as well, though these are further away [mid-1996]."

Mr Payin was speaking to the FT during a symposium sponsored by the Carnegie Corporation and organised by the Harvard Conflict Management Group at the Peace Palace in The Hague, dedicated to the numerous conflicts within the former Soviet Union.

Mr Mintimer Shaimiev, president of the Russian republic of Tatarstan and the most senior leader present, said that Chechnya was "a very large threat to Russian reform, no matter how it ends. It has made the other ethnic peoples in Russia very worried.

"When the zinc coffins begin arriving back in Russia you will see a very tough reaction from politicians and from the society."

The participants at the symposium returned again and again to the Chechnya issue. However, Mr Valery Tishkov, a former Russian nationalities minister, said, "Democracy can continue to exist, and even grow in Russia if we can learn how to live with the guerrilla war in Chechnya which is bound to come. It's certain that Russia is now going to join the club of nations – like Mexico, India and Great Britain – which have to live with a guerrilla war".

Mr Payin said he had had talks with Mr Max Van der Stoel, high commissioner on national minorities for the Organisation of Security and Co-operation in Europe, on the possibility of international mediation in the Chechen crisis. "There are some possibilities, but it is too early to say if they will be successful."

Two sisters still living in the centre of Grozny pass supplies down into their bunker yesterday, as Russian forces close in on the Chechen capital AP

# German plans revive interest in Euro-satellite

By David Buchan in Toulouse

Germany's plans to join the French-led development of a military spy satellite system independent of the US has revived southern Europe's flagging interest in the programme.

Mr Julian Garcia Vargas, the Spanish defence minister, told a press conference in Toulouse on Friday that Spain, like Italy, was now reconsidering its decision to drop out of the Helios 2 programme, because with likely German participation "it would take on a very strong European character".

The Spanish minister was in Toulouse with his French counterpart, Mr François Léotard, to brief Mr Volker Rühe, the German defence minister, on the Helios 1 satellite, which has been built by France, Italy and Spain and which will shortly go to French Guyana for launching by Arianespace later this spring.

For his part, Mr Rühe said Bonn planned to make its decision by March on joining the satellite programme, perhaps by taking 10 per cent in the project for the Helios 2 optical/infrared satellite and then "a significant participation" in a subsequent all-weather radar satellite.

Bonn's interest in a European system is understood to have quickened following its failure to get satisfactory information on last autumn's Iraqi military manoeuvres in the Gulf from the US, on which Britain is still content to depend. Spain and Italy, for their part, seem motivated mainly by a desire to appear to be part of a defence "hard core" with two big European military powers, at a time when their participation in Europe's inner economic and monetary core looks increasingly remote. The financial constraints that led Spain and Italy to announce last year their exit from Helios 2 would be eased by Mr Rühe's indication that Germany may now take a stake.

Mr Léotard stressed the importance of Helios 1 as "the first stone in the edifice of an autonomous European space system", noting that French military spending on space had increased by 35 per cent in 1993-5. With Italy contributing 14 per cent and Spain 7 per cent, France has paid the lion's share of the FFr1bn (£120m) cost of Helios 1, and if need be is ready to pay the entire estimated FFr11bn for Helios 2.

But Paris is keen to involve German money and expertise in the more expensive radar satellite project. Bonn's participation is also vital for the outcome of the negotiations between the French state-owned Aérospatiale and DASA, the aerospace division of the private German group of Daimler-Benz, to merge their space satellite operations.

# Euro Disney plans school for service

By Andrew Jack in Paris

Euro Disney, the operator of the Paris-based theme park, yesterday confirmed it was considering opening a private university to train Europeans in the art of American-style customer service, even as it received complaints from frustrated potential clients in the UK.

The university would focus on skills relevant to the leisure and service sectors: notably the hotel, catering and retailing jobs which dominate within Euro Disney's theme park. It draws on inspiration including the training school operated by McDonald's, the fast-food franchise, in the US.

However, in an embarrassing development, there were concerns from the UK yesterday that Euro Disney's own services to clients left something to be desired, with complaints that the inquiry telephone lines advertised as part of a recently launched marketing campaign were under-staffed.

One businessman said he had tried to call the phone number more than 25 times in two weeks, but always either obtained an engaged tone or left an answering machine message that was not returned. Repeated attempts by the FT to speak to an operator yesterday failed because the line was always busy.

Euro Disney said last night that there had been so many calls to the phone lines – including 1,300 on Thursday – that there was "a temporary blip in the system". It stressed that an outside contractor was operating the service and it was making efforts to improve the service.

The new university would be on a campus site next to the theme park in the eastern suburbs of Paris, with residential courses of between six months and one year mixing academic teaching with on the job training.

While the primary aim would be to train Euro Disney staff, the company has also held discussions with a number of other large service-oriented companies, including fast-food retailers and credit card providers, about joint operations.

# Fears for Hungary's market reforms

Hungary's cancellation of a high-profile privatisation deal and the dismissal of its reformist privatisation chief last week have unnerved foreign investors, who are growing concerned at the direction and pace of economic reform under the country's new Socialist-led government.

The cabinet's decision to cancel the sale of HungarHotels to a US investor – a sale already agreed by the supposedly independent privatisation agency – has angered and disappointed investors.

One western investment banker said: "The HungarHotels deal was one of the first cases in which the government's commitment to privatisation and foreign investment was put to the test. Instead it has risked the country's reputation and caved in to popular sentiment that the price was too low. This is very discouraging and not only that – in dismissing Ferenc Bartha [privatisation commissioner], the government has lost one of its few genuine technocrats."

**Budapest has faltered at an early hurdle, reports Virginia Marsh**

The concern is that the Socialist-Liberal government's failure to move ahead with reform will wipe out Hungary's early advantage as the pioneer of market-led change in the former eastern bloc. The doubts come as the country is facing competition for foreign investment from the Czech Republic and Poland and just as western investors are re-assessing their exposure to emerging markets in the wake of the financial crisis in Mexico.

Hungary, which has attracted some $7bn (£4.4bn) in foreign investment in the past six years, would be particularly vulnerable to any change in investment patterns. The country, the most indebted per capita in the former Soviet bloc, has relied heavily on foreign capital to modernise its economy and aims to use privatisation revenues to reduce its huge foreign debt which, in gross terms, rose to $28bn last year, around two thirds of gross domestic product.

This year alone the government is budgeting for around $1bn in direct foreign investment and for more than $1.2bn from sales of state companies, up from less than $300m in 1994. Even with these extra revenues, the budget deficit is put at 5.5 per cent of GDP.

The extra funds are due to come mainly from the first wave of energy sector privatisation approved by the cabinet last November. The government is aiming to sell off most of the sector including majority stakes in the country's gas and electricity distribution and power generation companies by the end of its term in 1998.

Investors had expected more from the coalition which unseated a highly unpopular conservative administration in general elections last May with promises to make government more professional and to speed and clean up privatisation.

However, the HungarHotels debacle is only the latest in a series of events which have worried the business community. Two months after the resignation of the central bank governor – also after political pressure – the coalition has yet to agree on a new candidate. The budget for 1995 is widely considered unrealistic and will not be enough to secure a new lending agreement with the International Monetary Fund.

Many doubt the government will achieve this year's privatisation target now that Mr Bartha, an ex-central bank governor and former head of Banque Indosuez' local operation, is no longer in charge. Aside from HungarHotels and the energy companies, the only other large privatisation in the pipeline is the long-planned sale of a majority stake in Budapest Bank, one of the country's biggest commercial banks.

"Even if HungarHotels was a one-off case, as the government claims, the fact that Mr Bartha has been removed will inevitably lead to delays and uncertainty," one western analyst said. "It will be hard to find someone who enjoyed as much support in political and business circles."

The removal of Mr Bartha has also exacerbated tensions in the cabinet. Mr Laszlo Bekesi, the reform-minded finance minister, as well as the junior coalition partners, the liberal Free Democrats, backed Mr Bartha's decision to sell the hotel chain and warned its cancellation would have a "dangerous impact on investor confidence".

# Waigel ally set to join Bundesbank board

A political ally to Mr Theo Waigel, the German finance minister, is likely to become a member of the powerful German central bank's directorate, political sources said at the weekend, Reuter reports from Frankfurt.

Mr Peter Schmidhuber, 63, a departing EU commissioner, has been nominated to join the seven-member Bundesbank board, said reports from within the Christian Social Union (CSU).

Mr Schmidhuber, a member since 1952 of Mr Waigel's CSU, the Bavarian sister party of Chancellor Helmut Kohl's Christian Democrats (CDU), rose through the ranks in state and federal government.

He then headed the Bavarian state regional office in Bonn during Mr Franz Josef Strauss's lengthy tenure as Bavarian premier.

Mr Schmidhuber was appointed EU commissioner in 1987 and has been responsible for economic and budget policies. He has been especially active in supporting economically weak regions.

He will be replaced as commissioner by Ms Monika Wulf-Mathies, former head of the ÖTV German public service union.

At the Bundesbank, Mr Schmidhuber would occupy a newly created seat on the powerful board.

He is likely to be responsible for issues relating to phase two of the Maastricht treaty on European Union, the German press reported.

Phase two involves EU states striving to meet a variety of conditions showing steady currencies and economies with the aim of eventually working towards having their currencies fixed.

Party sources said Mr Schmidhuber had been nominated last week and the Bonn cabinet would take a decision on the nomination this week.

The Bonn government and the Bundesbank declined to comment on the possible nomination.

The directorate members, along with the regional central bank presidents, make up the Bundesbank council which deliberates on monetary policy every other Thursday. Bundesbank appointments are proposed by the government, reviewed at the Bundesbank, and then decided by the Bonn cabinet.

# Power struggle comes to head with vote on commissioners

By Lionel Barber in Brussels

The power struggle between the new European Commission and the European Parliament comes to a climax this week when MEPs vote on whether to approve the new 20-member executive body headed by Mr Jacques Santer.

Mr Santer is set to defy parliamentary calls for a reorganisation of portfolios, despite threats by dozens of MEPs to abstain or vote no on Wednesday. The battle has exposed cultural as well as political fault lines in Brussels.

Ms Ritt Bjerregaard, the outspoken Danish nominee for environment commissioner and a Social Democrat MP in Denmark, is emerging as a key source of controversy. She is under fire for making disparaging comments about the parliament and failing to give adequate assurances on future co-operation.

But these charges have enraged supporters who say her attachment to national parliamentary powers reflects healthy Nordic independence. They have also raised questions about the fairness of the parliamentary confirmation hearings of the individual Commissioners which ended last week.

Mr Poul Schlüter, a former long-serving Danish prime minister who was elected last year to the new 626-member Strasbourg assembly, leapt to Ms Bjerregaard's defence: "We have a Nordic tradition of answering yes or no. If we cannot promise the EP more power, we say so."

Commission officials noted, too, that both other Nordic nominees – Mr Erkki Liikanen and Ms Anita Gradin – have been singled out for refusing to give MEPs assurances on future policy and co-operation because the Commission is a collegiate body.

Mr Padraig Flynn, the Irish social affairs commissioner for social policy, has also complained of being "ambushed" by women's rights activists in the parliament who want to strip him of his responsibility for equal opportunity policy.

By contrast, MEPs gave glowing reports on commissioners such as Mr Neil Kinnock, former UK Labour party leader, who pledged close co-operation with the parliament and proclaimed their independence from national capitals.

Three Commission nominees who were formerly MEPs – Mr Martin Bangemann of Germany (information technology), Mr Marcelino Oreja of Spain (institutional affairs), and Mr Christos Papoutsis (energy) – also won easy rides.

MEPs' demands for a reorganisation of the Commission portfolios for development, equal opportunity and human rights – plus the criticism of Ms Bjerregaard – pose a problem for Mr Santer.

He was advised by Mr Jacques Delors, outgoing president, that hearings on individual commissioners went beyond the scope of the Maastricht treaty and could undermine the principle of collegiality, akin to UK-style cabinet responsibility. But Mr Santer chose to go ahead in the spirit of openness and co-operation with the parliament.

If Mr Santer caves in to parliamentary pressure in order to secure a vote of confidence on Wednesday, he risks having his authority weakened.

Last July – before the admission of Austria, Finland and Sweden – Mr Santer's nomination as president to succeed Mr Delors was approved narrowly by 260 to 238 votes.

Editorial Comment, Page 13

# Seeking an agricultural policy for a wider EU

**Caroline Southey** on the options in four new reports

No European Union topic provokes more anguish than reform of the Common Agricultural Policy. All previous changes to the system, which consumes half the EU's Ecu70bn (£56bn) annual budget, have met strong resistance and have only become reality after long and agonised negotiations. Resistance to further changes remains strong, particularly as the most recent reforms, negotiated in 1992 under Mr Ray MacSharry, then agricultural commissioner, are not all in place.

Four reports released today are aimed at the next possible round of debate on CAP and EU enlargement. The new Commission will this year have to address how to integrate the agricultural sectors of the EU and the central and eastern European countries.

The reports set out to address two issues: the feasibility of extending the CAP to the Czech Republic, Poland, Slovakia, Hungary, Bulgaria and Romania; and conditions in the agricultural sectors of the six states and what reforms are needed ahead of accession to the EU.

The authors are unanimous that reform of the CAP is necessary. They reach this conclusion after examining, and dismissing, a number of options. They reject the following:

- A separate CAP designed for the six countries to operate alongside the existing CAP. This is dismissed because it would require a complex system of border controls to maintain price differentials as well as suppress the agricultural sectors of the new entrants.
- Different countries could be admitted to the EU when deemed ready. This is considered unacceptable because it would simply mean a delay in confronting the problems of integration and would involve extra negotiating costs.
- Membership of the EU without CAP. Although Professor Allan Buckwell, one of the reports' authors, argues this would eliminate all agricultural problems, it appears incompatible with the Treaty of Rome and would make nonsense of the move to a single market. Two of the authors, Professors Tangermann and Josling, concur that sacrificing the principle of the single market would be a serious economic disadvantage and would constitute a "second class citizenship" for the six countries.
- Extending the CAP in its present form. Although the authors agree that early membership of the EU would benefit economic reform in the six countries, they argue this would have serious disadvantages: budgetary costs for the EU; the creation of inflationary pressures in the economies of the new entrants leading to negative economic, social and agricultural effects; and conflicts with the Gatt commitments of the EU.

One of the authors, Prof Secondo Tarditi, rejects the option of extending an unreformed CAP on political as well as economic grounds. Referring to it as the "fortress Europe strategy", he argues the six would be required to "change from their previous command-economy regimes to a command-economy-biased CAP. This would imply the very type of economic inefficiency and inequitable income distribution from which they are seeking to escape."

All the reports argue that the CAP is changing and faces further reforms, irrespective of any enlargement, as a result of the EU's commitments under the Gatt agreement. The impetus for change is there, however unpalatable, they argue, and should contain the following elements:

- no support prices or support prices close to world market levels;
- further decoupling of compensatory payments from production and their reduction over time;
- national responsibility for income support payments and payments for environmental services.

Prof Buckwell argues that a high price regime would require severe supply controls in the six countries. This would lead to more administrative interference, freezing agricultural output at arbitrary levels while it was still developing and a sharp rise in consumer prices.

Keeping prices at or close to world market levels, on the other hand, would negate the need for a raft of quotas, set-aside and subsidy limits.

The authors suggest, with some differences of nuance, that loss of income support through reductions in price support could be overcome by substituting direct payments linked to "qualifying criteria" and not to production as is now the case.

Financial responsibility for these payments should be handed over to member states, says Prof Tarditi, as do Prof Tangermann and Prof Josling. Prof Buckwell suggests that "part of the cost of raising farm incomes could come directly from national budgets if countries wished to raise incomes above whatever the EU deemed necessary (or can afford)."

All four papers prescribe programmes of action for the entrant countries ahead of accession. These include implementing a strategy of low support and protection for farmers, improving competitiveness in the agricultural sector by widening the scope of private market participants, improving rural banking to overcome liquidity problems in agriculture, and establishment of a common agricultural market among the six.

The EU for its part should cease subsidised exports to the entrant countries. It should also use its association agreements with them to integrate production, trade and policies ahead of accession.

Although the reports are likely to contribute to the debate on agricultural reform, many of the suggestions have been mooted previously and strongly resisted by European farm lobbies as well as the agricultural directorate in Brussels.

In the words of an agricultural commissino official: "We need political decisions first." That might be difficult to attain.

*Reports by Allan Buckwell of Wye College, University of London, UK; Stefan Tangermann, University of Göttingen, Germany; Secondo Tarditi, University of Siena, Italy; Louis Mahe, University of Rennes, France.*

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# Japanese may defy US on loans to Iran

By William Dawkins in Tokyo

Japan is considering resumption of delayed official loans to Iran, in defiance of appeals from the US, Britain and Israel which are concerned over the Tehran regime's alleged terrorist links.

Mr Tomiichi Murayama, Japanese prime minister, hinted at a decision on this potential irritant to US-Japan relations after his return from a summit with President Bill Clinton, when he said it was "necessary to support tha moderates" in Iran.

Mr Warren Christopher, US secretary of state, had urged the Japanese leader to be prudent over aiding Iran because of its funding for international terrorism. Mr Murayama accepted the US argument, yet said it was "important to have Iran open to the world".

The Japanese government has set itself a deadline, by the end of this month, for a final decision on an overdue $460m (£294.8m) second tranche of a soft government loan for a $1bn Iranian hydro-electric dam, originally scheduled for payment last May. Further delay might damage the project, important to Iran's policy of updating power supplies for its growing industrial needs, said a government official over the weekend.

Tokyo had postponed disbursement last year, to mull over its allies' intelligence reports that the ostensibly moderate regime of Akbar Hashemi Rafsanjani was funding extremist Islamic groups, and that it had used to fund the Irish Republican Army and other terrorist organisations.

Washington does not want to pick an open row with Japan over this, which is one reason why Tokyo might feel it can afford to take an independent line, as it is doing in some other foreign policy areas. Yet US officials admit privately that Japan's lending to Iran is a problem.

Japanesa officials point to the need to ensure stability in the Middle East, though critics suspect Tokyo is over-sensitive to the fact that more than half of Japan'a oil comes from the region. Just 8.4 per cent of Japan's oil comes from Iran.

Japan's foreign ministry has an influential supporter of Mr Rafsanjani in the shape of vice-minister Mr Kunihiko Saito, its most senior bureaucrat and a former Japanese ambassador to Iran. However, the director general of the division responsible for Iran stepped down recently, in a routine job rotation, to be replaced by a diplomat with a strong US background, Mr Kensaku Hogen.

Japan kept the US embargo on official loans to Iran for 17 years until 1993, when it agreed to back the dam, to be built by Japanese contractors, on the Karun river south of Tehran. Tokyo disbursed the first $364m tranche of the loan in May 1993, to fund consultancy and design for the project. The second tranche is for machinery, while the final part would be for construction.

# Hong Kong wakes up to cost of dollar link

## Simon Holberton on fears of higher interest rates after the money market squall

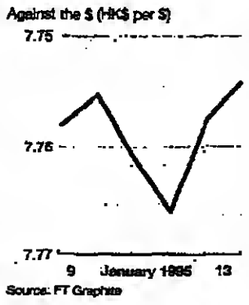
On the morning of October 15 1983, a Boeing 747 was parked at Hong Kong's Kai Tak airport carrying a 20ft container filled with dollars. Its presence in Hong Kong was part of the plan to make good Hong Kong's promise – unveiled the day before – that $HK7.80 of local money could be redeemed for $1.

There was never a need to unpack the container and Hong Kong's currency link has endured since. It waathered storms sparked by the 1989 Tiananmen crackdown in Beijing and the Gulf war of January 1991. But the currency market squall which hit Hong Kong late last week has raised new questions over the colony's exchange rate management.

Last week the Hong Kong Monetary Authority (HKMA) stepped into the local money market, forcing up short-term interest rates to defend the local dollar. By Friday this appeared to have been successful. The Hong Kong dollar ended at $HK7.749, compared with an 18-month low of HK$7.77 during trading on Thursday, and was still on the "strong side" of its HK$7.8 central rate.

**Hong Kong dollar**

Against the $ (HK$ per $)




Source: FT Graphite

To underline the authorities' determination to hold the exchange rate, Mr Joseph Yam, chief executive of the HKMA, was in combative form. On Friday, he departed from a speech he was giving to the Economics Association to criticise the "speculators" who had sold the Hong Kong dollar. "I was annoyed and we will make them pay," Mr Yam said.

He explained how the monetary authority had engineered a shortage in the inter-bank money markat on Thursday and Friday. This had the effect of sending Interest rates up and costing speculators dearly when they were forced to cover their short positions. Overnight money peaked at 13 per cent on Friday before settling down to 6 per cent at the end of the day.

"I want tbosa who went short of Hong Kong dollars to pay in a way that will not affect people on the street," Mr Yam said. "That's why we targeted the inter-bank market."

Critics and fans of the link to the dollar believe that it will survive the current turbulence. The government of Hong Kong, Britain and China all support tha central rate, which is a symbol of stability for the colony at an otherwise uncertain time.

The People's Bank, China's central bank, has a close relationship with the HKMA. The latter has provided assistance to Beijing in matters as varied as banking law and currency market dealing. Mr Chen Yuan, deputy governor of the People's Bank, on more than one occasion pledged Beijing's support in the event of financial instability in Hong Kong.

The colony's currency arrangements have been so successful that Argentina and Estonia have embraced a similar technique for managing their respective exchange rates. Estonia has fixed the kroon in terms of the D-Mark (DM1=Kr8), and Argentina the peso in terms of the dollar ($1=1 peso).

These fixed exchange rates are underwritten by holdings of foreign currency, as is Hong Kong's link with dollar.

This is the "currency board" system whereby country A's currency is fixed in terms of country B's and backed by official holdings of B's currency equal to the value of outstanding bank notes. Sucb a system existed in Hong Kong from 1935 until 1972, wben sterling floated and the "sterling zone", which included Hong Kong, dissolved.

In such a system of monetary union, in theory at least, interest rates should be the same as the anchor currency's domestic interest rates. In practice, Hong Kong's interest rates have tracked US rates (sometimes trading below, sometimes above) depending on investor sentiment.

Sentiment now requires Hong Kong to pay a premium over US rates to maintain the $HK7.8:$1 link. The question which economists and investment managers were asking over tbe weekend was how high will interest rates have to rise to maintain the link.

No one knows tbe answer but some investment managers say that Hong Kong is now paying for years of monetary excess, brought about by linking the two dollars, and that interest rates will have to go a lot higher. Mr Peter Everington, of fund managers Regent Pacific Group, argues that an asset bubble was pumped up in Hong Kong over the past four years and is in the process of bursting. Higher interest rate may hasten that process.

He notes that Singapore coped with capital inflow during the period 1990-94 by allowing its exchange rate to rise 30 per cent against the dollar and keeping inflation under control. In the same period Hong Kong absorbed a greater amount of foreign capital with no change in its exchange rate. This surge in liquidity in Hong Kong caused "rampant inflation" and a bubble in stock and property prices of Japanese proportions during the late 1980s, he argues.

# Britain offers £1bn export credit guarantees to China

By Simon Holberton in Hong Kong and David Owen in London

Britain is making available £1bn worth of new export credit guarantees to China in a five-year package designed to encourage trade in the telecommunications sector.

The commitment was made last October in a memorandum of understanding between the Department of Trade and Industry and Wuhan, an industrial city on the Yangtze river.

The DTI said yesterday that the guarantees had not yet been drawn on but that a number of "follow-up meetings" would take place "in the next few weeks". It said there were a number of signatories to the memorandum including GEC Marconi, GPT, Northern Telecom Europe and Pirelli Cables. It said the deal came out of a visit to China by Mr Richard Needham, trade minister, to 1993.

British officials in Hong Kong stressed that tbe promise to underwrite up to £1bn of business was contingent on UK companies first winning business in Wuhan. They denied tbat there was any connection between the Wuhan agreement and a visit of Mr Qian Qicheo, China's foreign minister, to Britain this year, or the desire of the British government for better bilateral relations with China.

The agreement was not publicised last October because some UK companies requested that it be kept confidential so that their ability to bid for business in other parts of China would not be jeopardised, they said.

Mr Francis Cornish, senior British trade commissioner in Hong Kong, said the memorandum was a "document of intent" rather than one of commitment. It covered the desire of both sides to see British goods used in Wuhan's development and included an "in principle" agreement to cover such purchases with export credits, be said.

"It is not a deal in itself but a mechanism to cover deals as and when they are done," he said.

As well as telecommunications, the Wuhan memorandum covers automotive parts, power generation, pharmaceuticals and port development.

The Export Credits Guarantee Department provides guarantees to UK industry on exports of about £13bn. China bas always been a priority market and sales to the value of £1.5bn are currently insured.

# Tyre group bows to Clinton move

By Richard Waters in New York

Bridgestone, the Japanese tyremaker, bowed to pressure to resume talks over a labour dispute in the US this week after a strongly worded intervention by President Bill Clinton. The move capped a week of growing anger in the US administration over a refusal by Japanese officials to force the company to return to negotiations.

Mr Clinton and Mr Robert Reich, US labour secretary, had attacked the Japanese company over its decision to hire permanent replacements for members of the United Rubber Workers union, who have been on strike at five of the company's sites in the US since the middle of last year.

The company has already hired 2,300 permanent replacements for the 4,000 striking workers, and said that 800 union members had now crossed picket lines to return to work.

The company's actions threatened to "sow seeds of distrust and resentment which can extend far beyond their company, undermining labour-management relations across the land," Mr Clinton said late on Friday.

The public statement came after a number of approaches to Japanese officials by the Clinton administration last week, all of which were rebuffed. Also, Mr Reich was rebuffed in his attempts to set up a face-to-face meeting with Mr Masatochi Ono, who heads Bridgestone's US operations, Bridgestone/Firestone. "By bringing in permanent replacements for their workers who are on strike, while refusing to come to the bargaining table, the management of Bridgestone/Firestone is flagrantly turning its back on our tradition of peaceful collective bargaining to solve labour disputes," Mr Clinton said.

Talks between the company and union representatives will resume before a federal mediatory on Wednesday. However, the talks are non-binding, and a company official hinted heavily that it was now too late to reverse the decision to hire non-union replacement workers. "Thay don't realise that the train has already left the station," he said.

# Washington seeks opening to India and Pakistan

## Cabinet visits aim to dispel long-term suspicions on the sub-continent

A succession of cabinet-level visits may not eliminate suspicions that have marked US relations with India and Pakistan for decades. But US officials hope that Commerce Secretary Ron Brown this week, following on from Defence Secretary William Perry last week, may at least have opened the door in a region Washington sees as, potentially, among the world's most dangerous points of conflict.

The US's principal security concern remains the nuclear weapons programmes of both India and Pakistan. Given the tension between the two countries, particularly over the disputed territory of Kashmir, the pursuit of nuclear technology is seen as taking the region very close to an extremely dangerous threshold.

The military co-operation agreements Mr Perry signed last week with both India and Pakistan fall a long way short of the Clinton administration's more ambitious security goals. These include persuading both countries to join the Nuclear Non-Proliferation Treaty, due to be renewed this year, or at least not to depioy ballistic missiles capable of carrying nuclear warheads.

But the difficulty in balancing relationships with the two countries was highlighted yesterday when the Indian government told Pakistan over the weekend to withdraw 15 of its staff members from Pakistan's high commission in New Delhi. The move was apparently in retaliation for Islamabad's decision to close down the Indian consulate in Karachi last month, senior Pakistani officials said yesterday.

Both sides have often traded accusations of using diplomatic missions as a source of fomenting trouble in each other's country. Pakistan's decision to close the Indian consulate was justified on the grounds that it was being used as a location to encourage violence and terrorism in Karachi, while Pakistani diplomats at the country's mission in New Delhi have been expelled on charges of alleged espionage.

**George Graham reports from Washington, Shiraz Sidhva from New Delhi and Farhan Bokhari from Islamabad**

Pakistan's Prime Minister Benazir Bhutto described Mr Perry's visit last week as a "landmark" showing that both countries had left behind the "Pressler amendment" – the US law which balted aid to Pakistan in 1990 over concerns that Islamabad was producing nuclear weapons.

The revival of a high powered bilateral "consultative group", virtually abandoned in 1990 at the time of the US aid cut off, for Pakistan marked the high point of the visit. The group, representing senior defence officials from both sides, will meet periodically to discuss plans for joint military exercises, security issues in the region and exchange intelligence information.

Pakistan's demand for the refund of almost $658m (£424m) that it had paid for purchase of 71 F-16 fighter aircraft and other military hardware, held up by the aid cut-off, is expected to be the top agenda item when the consultative group meets, sometime during the next couple of months.

The latest developments come as both the US and Pakistan appear to be increasingly convinced over reviving their relations, which reached a high point during the Cold War, especially when they co-operated in opposing Soviet occupation of Afghanistan. A complimentary Mr Perry described Pakistan as the "key to peace and stability in the region", "a model of moderation to the Islamic world" and a "key in its actions relative to non-proliferation".

US Commerce Secretary Ron Brown, on a six-day trade mission to India, at the memorial to Mahatma Gandhi in New Delhi yesterday. He stressed the common commitment to non-violence of the Mahatma and civil rights leader Martin Luther King, whose birthday was celebrated in the US over the weekend. Reuter

Mr Perry was also full of public compliments for India, stressing to his hosts that the US was keen to establish strong relations with India, China and Russia in the wake of the Cold War. "The future is out there waiting to come in. The future that comes in could be a future of continuing conflict between India and Pakistan. Or the future could entail evolving co-existence leading to peace and stability in the region," Mr Perry said.

While the nuclear non-proliferation issue remains unresolved between India and US, Mr Perry said the US understood that India was very "finely tuned" to the risks of proliferation. He added that the purpose of his visit to the region was not to put pressure on either country on the NPT issue, and that mutual security concerns could be addressed despite differences in this area.

Mr Narasimha Rao, the Indian prime minister, made it clear to Mr Perry that India was not ready for third-party mediation on Kashmir. India has maintained that the Kashmir problem is a domestic one, and has consistently refused to accede to Pakistan's demands for talks on wbat Pakistan terms a "disputed territory".

Mr Perry said the US was "encouraged" by recent steps taken by the Indian government to improve the situation in Kashmir. "We are particularly encouraged by the recent release of Kashmiri leaders and the decision to let them travel abroad," be said.

However, the defence secretary categorically turned down India's demand that Pakistan be put on the terrorist list for encouraging the separatist militants in the valley. "The evidence available to the US does not support the argument that Pakistan should be put on the terrorist list," Mr Perry said.

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# Slovo's funeral marred by graveside chaos

By Roger Matthews and Michael Holman in Soweto

Chaotic graveside scenes yesterday marred the state funeral for Mr Joe Slovo, the South African communist party leader and housing minister.

Thousands of mainly black mourners pushed past marshals in an effort to reach the burial site in Soweto's Orlando cemetery, making it impossible for President Nelson Mandela to attend the last rites for a man he had earlier called his "comrade, friend and brother".

Although order was eventually restored, Mr Cyril Ramaphosa, the African National Congress general secretary who helped stand in for Mr Mandela, described the crowd behaviour as "disgusting".

Earlier, at nearby Orlando stadium, Mr Mandela – twice pausing to dry his eyes – led the tributes to Mr Slovo. He described Mr Slovo as "a patriot, father, fighter, negotiator, internationalist, theoretician and organiser", qualities which made him "one of Africa's great revolutionaries". It was a tragedy, said Mr Mandela, that his abilities had been recognised so late by many members of the white population.

Some of the tensions of post-apartheid South Africa were apparent. A leading trade unionist angrily denounced a secret amnesty, revealed last week, given to 3,500 security force members by the former white minister, Mr Adriaan Vlok last April, and also called for a more radical economic approach.

Mr John Gomomo, president of the congress of South African trades unions (Cosatu), recalled that Mr Slovo's first wife had been killed by a letter bomb and subsequent attempts had been made on his life. If amnesties were to be considered, those seeking them should first outline the crimes they had committed, he said; the trade union movement would never accept such blanket amnesties.

The South African Communist party, of which Mr Slovo was chairman, the ANC majority party and the trade unions yesterday all claimed Mr Slovo for their own. The claims underlined his skill in bringing together the three main strands of the pro-democracy movement.

Mr Gomomo's address had more rhetoric than substance, but reflected labour's concern about government's capacity to deliver election promises. In particular, his speech illustrated the division which Mr Slovo was uniquely able to bridge, combining his revolutionary credentials with pragmatism and negotiating talent, a combination the government will sorely miss.

## Budget measures set out aim of 'guided deregulation'

# Nigeria in policy U-turn

By Paul Adams in Lagos

Nigeria's 1995 budget, unveiled over the weekend, has reversed many of last year's failed attempts to regulate the economy by abolishing foreign exchange controls and restrictions on foreign investment. The aim is to promote private sector-led growth and reach agreement with the International Monetary Fund and official creditors.

The U-turn in Saturday's budget speech by Gen Sani Abacha, the head of state, was part of a new policy of "guided deregulation". But he also announced the abolition of the 1962 Foreign Exchange Control Act and of the Nigerian Enterprise Promotion Decree which limits foreign equity in many Nigerian companies to 40 per cent or 60 per cent.

"It is the most sweeping deregulation that I can remember, but first we have to see how it is implemented," said a senior Nigerian industrialist yesterday.

The budget is closely in line with the proposals of the central bank of Nigeria and follows a recent visit by Mr Anthony Ani, acting finance minister, to the IMF.

Until the central bank produces its guidelines it will not be clear how the reforms are to be implemented.

Economists say the revenue and spending estimates in the budget speech are unlikely to be accurate, but the finance minister's speech in Abuja today is expected to give more accurate details of the fiscal budget and of the new tariff structure, which, according to Gen Abacha, will be more liberal and reduce duties.

Gen Abacha: announced abolition of curbs on foreign equity

Gen Abacha also announced the closure and transfer to the control of the central bank of all the dedicated accounts, into which much of Nigeria's oil revenue has been diverted for the last seven years. The use of these accounts was a large obstacle in negotiations with the creditors.

Nigeria has external debts of $29bn (£18.7bn) but is not servicing its debts to the Paris Club of sovereign creditors, which is owed more than half the total; a further $5bn has been in arrears since 1992.

Rescheduling, debt relief and concessional aid are all conditional on the agreement of a medium-term programme with the IMF, which was ruled out by last year's economic measures.

Better management of the oil industry will be crucial and will have a considerable bearing on the foreign exchange market.

The downturn in the industry affected the whole economy and contributed to the devaluation of the naira.

Last year the oil companies cut investment because of the unfavourable exchange rate and the failure of their majority joint venture partner, Nigerian National Petroleum Corporation, (NNPC), to meet its share of the operations' costs. The unfavourable exchange rate also kept offshore an estimated $500m earmarked by the international oil companies for local costs.

Arrears by NNPC averaged $800m over the year and the joint ventures budgets were scaled down.

The government has retained the heavily overvalued official exchange rate of N22 to the dollar, but the allocations of foreign exchange at that rate to the private sector have been scrapped.

The parallel market for foreign exchange and inter-bank dealings are to be allowed to operate legally again.

The market value of the naira by the end of December was around N85 to the dollar. While this will be the quickest change to implement, implications of some of the other measures is not yet clear. But it could open up Nigeria's relatively large but dormant stock market as an emerging market if direct foreign investment were allowed, once procedures have been modernised.

Repeal of the foreign exchange act could also legalise the already substantial flow of Nigerian capital into offshore assets.

## INTERNATIONAL NEWS DIGEST

# Oslo under fire on bank stakes

Norway's banking community has condemned the minority Labour government's draft legislation to tighten its grip on Den norske Bank and Christiania Bank, the country's two largest commercial banks. The controversial proposal seeks to overhaul existing law by allowing the state to retain indefinitely unlimited shareholdings in the two banks.

The state holds a 72 per cent stake in DnB and 88.9 per cent of CBK built up over the past three years when it rescued the banks from collapse during the sector's deepest crisis since the second world war. Last year, however, the government declared an end to the banking crisis and pledged to reduce state shareholdings in DnB and CBK to just over 50 per cent this spring and, later, to 33.3 per cent.

Current law allows private investors to hold individual stakes of up to 10 per cent in the banks but the draft proposal exempts the state from such rules. The Norwegian Banks' Association warned that the proposed legislation would distort competition within the banking sector. The NBA also pointed out, together with the Confederation of Norwegian Business and Industry, the proposal violates the European Economic Area (EEA) agreement between the European Union (EU) and the European Free Trade Association (Efta), of which Norway is a member. *Karen Fossli, Oslo*

## Spaniards 'want election'

A weekend opinion poll published by the influential El Pais newspaper indicated that most Spaniards want a snap general election and the replacement of Mr Felipe Gonzalez's minority Socialist government by a new administration led by conservative opposition leader Mr José Maria Aznar. The evidence of a growing loss of public confidence in Mr Gonzalez, as his government sinks into deepening political scandals, contrasts with renewed statements by the prime minister that he intends to serve out his full term until 1997, and with assurances from the Catalan nationalist party that it will continue to back the embattled administration. *Tom Burns, Madrid*

## Bond accused of fraud plot

Mr Alan Bond, the bankrupt businessman and one of the high-flying Australian entrepreneurs of the 1980s, was charged at the weekend with seven offences under the Australian Criminal Code and Western Australian Companies Code. The charges – which range from conspiracy to defraud to three counts of improper use of a company director's position – relate to the use of Bell Resources funds after Bond Corporation acquired control of the group from Mr Robert Holmes à Court in 1988.

The Australian Securities Commission, the securities industry watchdog which brought the charges, alleged that the alleged criminal behaviour involved funds exceeding A$1bn. Mr Bond was released on A$500,000 ($246,300) bail, and was required to surrender his passports. His lawyers said later that the charges would be fought "to the death". *Nikki Tait, Sydney*

## Serbs break Sarajevo pledge

Key access routes to Sarajevo yesterday remained closed despite a pledge by Bosnian Serb leaders to re-open them as part of the New Year's Day truce. General Sir Michael Rose, UN commander in Bosnia, met Bosnian Serb leaders in Pale, their mountain stronghold above Sarajevo, to find out why – without any warning – they had gone back on their promise to allow the routes to open yesterday morning. Gen Rose also discussed the latest setback in implementing the ambitious truce: an announcement by Gen Ratko Mladic, Bosnian Serb commander, that he was banning the passage of relief convoys through Serb-held lands to the three Moslem enclaves in east Bosnia. Meanwhile, the ceasefire was shattered when Serb forces shelled Bihac, killing at least six people. *Laura Silber, Belgrade*

## Mubarak in Yemen talks

Yemeni President Ali Abdullah Saleh held urgent talks with Egyptian President Hosni Mubarak yesterday to defuse his country's border crisis with Saudi Arabia, officials said. Unconfirmed reports add that the two Arab neighbours continue to reinforce their troops along their border, following armed clashes earlier this week. A Saudi officer and up to a dozen Yemeni soldiers are said to have been killed in the latest outbreak along the border, disputed since 1934. *Eric Watkins, London*

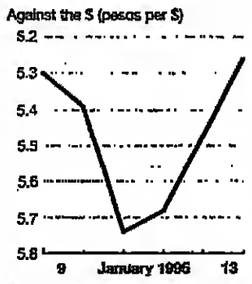
# US guarantees give Mexico a silver lining

## The planned package would bring big savings on debt securities, reports **Lisa Bransten**

It is ironic that for Mexico the ability to issue longer-term investment-grade debt may come not from restructuring and fiscal discipline, but from economic crisis. That will be the result if the US Congress agrees to a loan guarantee package of as much as $40bn (£25.6bn) to help Mexico to emerge from under the burden of its short-term, dollar-pegged securities known as *tesobonos*.

Discussion of such a programme – similar to a $10bn plan established for Israel in 1992 – has been enough to stem, for the moment, the economic crisis that has plagued Mexico since it devalued and then floated its currency in the middle of December.

"The size of the package is just astounding," said one emerging market economist. But she was cautious about the long-term implications: "The initial reaction was euphoric, but I think people are now going to take a closer look."




The two most important elements of the guarantee programme are the access it would give Mexico to a new class of creditors and the huge savings in financing costs it would present to Mexican officials. Only the details of the implementing legislation will tell exactly how much the Latin American nation might save.

Israeli debt issued under that country's programme trades almost like debt issued by US government agencies and is therefore held even by very risk-averse investors.

Although Israel was not in economic crisis when its guarantee package was completed, it would have been nearly impossible to find buyers for long-term Israeli debt, says Mr Eliahu Zitouk, Israel's chief fiscal officer for the western hemisphere.

So far the guarantee has allowed Israel to issue almost $4.4bn of debt at very low interest rates given that the country does not yet have an official rating from either of the two major US credit agencies.

Guaranteed Israeli five-year paper trades for about a quarter of a percentage point – or 25 basis points – more than US treasury paper of similar maturity. Analysts at Salomon Brothers, which managed Israel's first issue of guaranteed debt, estimate that, without US backing, the country might have to pay creditors 1.2 percentage points or more over treasuries.

In Mexico, where interest rates have soared amid the crisis, they believe the savings could be nearly 6 percentage points on 10-year paper.

But, like Israel, which can only issue $2bn worth of guaranteed debt a year, Mexico will probably face restrictions on the amount of debt it will be able to issue a year because US officials say they want the existence of the programme, not substantial use of it, to stop the damage to the *tesobono* market.

Without limits, Mexico would probably draw on all the guarantees available, says Mr John Purcell, head of emerging market research at Salomon Brothers. "You don't know how much would have to be used if the *(tesobono)* market settles down, but you are never going to get anything cheaper than that, so the temptation would be to use it."

Also, US politicians have promised that the programme will not cost the taxpayers anything, which means Mexico would have to pay a fee to cover whatever Congress sets aside to cover the risk of default. Israel pays a one-time 4½ per cent fee on all its guaranteed debt and analysts estimate Mexico might pay as much as 9-10 per cent because of the greater risk. That would mean Mexico would pay the US government $90m to $100m for each $1bn of debt issued under the programme.

Other important issues for the Mexicans, says Ms Joan Camins, who led the Salomon Brothers team on the Israeli package, include how quickly investors would be repaid in the case of a Mexican default.

In Israel's case there would be a lag of several days after a default before the US treasury would make good on the bonds.

Another element of the Israeli package is that it includes a great deal of flexibility in terms of the maturity and form of paper the country is able to issue, which has allowed the Middle Eastern nation to put out everything from two- to 30-year securities with several different payment structures.

"Israel was able to take advantage of the full creativity of Wall Street in structuring transactions," says Mr Steven Tepper of lawyers Arnold & Porter, which has served as counsel to Israel since the establishment of the programme.

"If the legislation for the Mexican package is similar to Israel's it will be a good thing for Mexico."

## INTERNATIONAL PRESS REVIEW

# Newt's mum sparks fit of angst

UNITED STATES

By Jurek Martin

It is not news any more when the press makes the news rather than reporting it. But the US stands alone for exhibitions of media angst and self-criticism when some of the time-honoured rules appear to be broken.

Three incidents currently have journalistic tongues clucking overtime: the circumstances of the TV interview in which Mrs Kathleen Gingrich was induced to reveal her Speaker son's low opinion of Mrs Hillary Clinton; the First Lady's interview last week with a group of women journalists; and the cheerleading appearance of a well known pundit at a rally in favour of term limits in Congress.

The first controversy centres on whether Connie Chung, the *CBS* anchorwoman, went "off the record" with Newt's mother in using the words "just between you and me". Mr Gingrich accused the interviewer of deception and a fair number of her television brothers and sisters agreed, albeit with qualifications.

Lisa Myers of *NBC* and John Cochrane of *ABC* spoke of "an honest mistake" on Ms Chung's part, but added that the phrasing of her question, to be answered in "a whisper", amounted to, according to Ms Myers, "a promise and you have to stick with that". Bob Schieffer, her CBS colleague, came to the defence, arguing that if Ms Chung thought Ms Gingrich believed she was off the record (though the cameras were rolling) "she would never have used that quote".

Not that the First Mother appeared bothered; she promptly did the round of several TV shows and cheerfully repeated everything in anything but a whisper.

Newt Gingrich's mother seemed unruffled at revelations of her son's (right) view of Hillary

Last week, the First Lady had 11 women reporters and columnists round to the White House for lunch (tomato-shrimp soup and curried chicken). Nobody made much of a meal of the story the next day except for the *New York Times*, where it appeared at the top left of the front page under the headline "Hillary Clinton seeking to soften a harsh image". It opened with the phrase: "Saying that she is eager to present herself in a more likeable way..."

The subsequent controversy was partly over whether Mrs Clinton had said what she did, but, much more, over whether and when she had been on or off the record. The other 10 present and Mrs Clinton's press secretary were virtually unanimous in charging that the Times journalist had broken the ground rules. One of Mrs Clinton's reported admissions – that she had been "naive and dumb" in her management of healthcare reform last year – only appeared in the Times (and in its first paragraph no less). But the Times stood by the story and said relevant quotes had been cleared by the White House.

Cindy Adams of the *New York Post*, which likes to tweak the nose of its august city rival, had been there and wrote: "Days ago, Connie Chung and Mommy Gingrich zapped Hillary Rodham Clinton. Yesterday the New York Times sandbagged her." Lois Romano, also present and whose gossipy Reliable Source column in the *Washington Post* is a local must-read, said: "There was no suggestion at any time that Hillary Clinton was interested in re-making her image."

According to Howard Kurtz, the Washington Post's excellent media correspondent, most of the women journalists "bristled" at the suggestion that Mrs Clinton had invited them mainly to solicit advice. But that does not seem to have bothered George Will, the conservative columnist and TV pundit, who had no qualms on Wednesday in addressing, along with Mr Gingrich and other Republican leaders, a rally on term limits for the US Congress.

Mr Will said he could not see what the fuss was about since his support of term limits was no state secret. "If this were a party issue," he explained, "I wouldn't do it." But the diligent Mr Kurtz found another pundit, Lars-Erik Nelson of *Newsday*, who thought that Mr Will should definitely "not walk both sides of the street".

More wickedly, Mr Kurtz also dug up an old quote from Mr Will that Mr Gingrich – "a case study of the primacy of careerism" in the modern Congress – was precisely the sort of politician to whom term limits should be applied.

None of the above may be worth more than a row of beans in themselves. But they come at a time when Mr Gingrich's dislike of the establishment media (he is boycotting the Sunday programmes for a month because "you can't have a dialogue on them") has almost reached the point of becoming a public policy issue - and is mirrored by public distrust of the purveyors of news.

# Crime out of fashion in NY

## Experts argue mystery fall is temporary, says **Richard Tomkins**

Something odd is happening in New York City. Crime seems to be going out of fashion, but nobody is quite sure why.

In the year just ended, reported crime in New York plummeted in nearly every category. The number of homicides fell by 19 per cent, robberies by 16 per cent, burglaries by 10 per cent and thefts by 12 per cent.

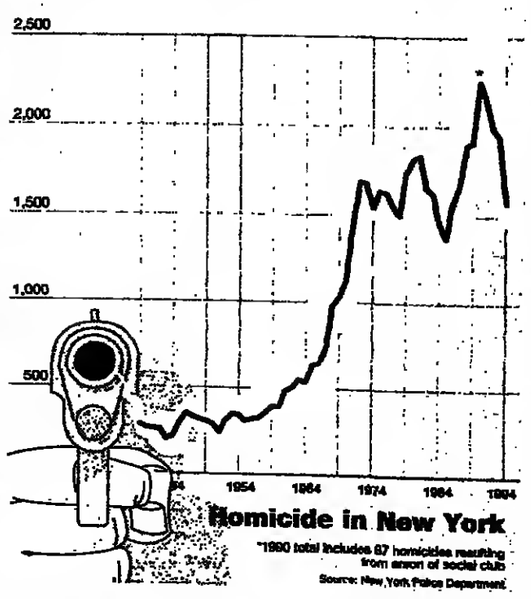
Only rape fell by a mere 0.8 per cent – possibly because of an increased propensity to report it. But even taking this category into account, serious crimes were down by 12 per cent overall, by far the largest decrease in recent memory.

New York still has a long way to go before joining the ranks of the world's safer capitals. To put things in perspective, there were 1,581 homicides (loosely defined as murders and manslaughters) last year. In metropolitan London, the figure was 166.

Mayor Rudolph Giuliani has nevertheless proclaimed the latest figures a success story for the city, and the New York Convention and Visitors' Bureau is planning to trumpet them in its efforts to draw more tourists.

So why are the crime figures down? Mr Giuliani takes some of the credit, pointing to the quality of life campaign he launched soon after taking office a year ago. This is aimed at stamping out petty offences such as illegal street vending, begging on the subways, graffiti and public drunkenness.

According to the so-called broken window theory underlying this campaign, it was New York's earlier failure to address such misdemeanours that encouraged the growth of more serious crimes – in much the same way as a broken window in a building leads to further vandalism if nobody does anything about it.




This, however, is only one of many explanations being offered for the fall in crime. Others include:

- Apathy: New Yorkers, it is suggested, have become so cynical about violence, and the ability of the police to do anything about it, that they no longer bother to report many crimes.
- Self-defence: people have responded to increases in crime by fitting better security devices to their cars and homes or by avoiding dangerous streets, especially at night.
- Cyclicality: statistics show natural variations in the crime rate over time, both upward and downward, so after the upsurge in the late 1980s, a downturn was inevitable.
- Peace: a large part of the 1980s upsurge in crime was due to the crack cocaine epidemic and the drug wars that accompanied it. Many of the turf wars have now been settled – often through the death of the protagonists.
- Sophistication: drug organisations and street gangs are maturing and learning to do business less violently, repeating the pattern of organised crime in earlier generations.
- Incarceration: New York State has jailed so many people – the prison population has more than doubled in the last 10 years – that there are not enough criminals left on the streets to keep the crime rate rising.
- Policing: these days, you are seldom far from a police officer in New York City. Over the last four years, the number of uniformed officers has grown by 22 per cent to an unprecedented 38,000, and they have gone back to patrolling the streets.

Statistics notwithstanding, opinion polls suggest that few New Yorkers feel any safer. As Mayor Giuliani acknowledges, their perception of violent crime has created a siege mentality in many neighbourhoods. Even in central Manhattan, people live in fear of acts of random violence.

According to Mr James Alan Fox, dean of the College of Criminal Justice at Boston's Northeastern University, the decline in the crime rate is no more than a temporary phenomenon caused by a decrease in the number of people between the crime-prone ages of 16 and 24.

Mr Fox says that, nationally, the homicide rate by adults aged 25 and older has gone down by 25 per cent since 1985. However this has masked an increase of 63 per cent in the homicide rate among adults aged 18-24 and an increase of 160 per cent among teenagers aged 14-17.

"I hate to be a killjoy, but crime, and especially violent crime, is not universally declining," says Dean Fox. "It's sky-rocketing among the young, and their crimes oftentimes tend to the more senseless type that are particularly fear-provoking to the American public."

Mr Fox asserts that the worst is yet to come: by the year 2005, as offspring of the baby boomers reach adolescence, there will be 23 per cent more teenagers than there are today.

"I am more concerned about what is going to happen in the next decade rather than celebrate what is happening now," he says.

# Party rift now healed, says Portillo

By David Owen

Prospects for a rapprochement between tha government and the nine Tory backbench rebels excluded from the party whip appeared to improve yesterday as a rightwing minister said the conditions for reuniting the party were "now in place"

Mr Michael Portillo, employment secretary, indicated that he thought the increasingly Euro-sceptic tactics adopted recently by Mr John Major and other senior ministers could help to bridge the rift.

"I think there is now a window of opportunity for putting the party back together and for taking the rebels back on board," he said.

His comments came as the precariousness of the government's position was underlined by a warning from Ulster Unionists that their support could not be taken for granted.

Mr John Taylor, UUP MP for Strangford, told party activists on Saturday that Unionists would "unite to oppose" any proposal under the present UK-Irish peace initiative for all-Ireland bodies with executive powers. "Accordingly, we should never be unprepared for a general election in 1995 if these circumstances should arise," be said.

The nine UUP MPs may decide to fire a warning shot across the government's bows on Wednesday when MPs are due to debate a Labour motion on access by Spanish and Portuguese fishing vessels to British waters.

One senior UUP MP said last night that the chances of the party supporting the government in Wednesday's vote were "beginning to recede". A final decision on how to vote will be made on Wednesday.

If the UUP sides with Labour, the opposition of seven Tory backbenchers could be enough to force a government defeat. Last month all nine rebel Tories defied the government in a vote on EU fishing policy, with eight abstaining and one voting against.

A defeat on Wednesday night would be embarrassing to the government and a fillip to Labour. But it would be unlikely to hava lasting consequences.

As the prime minister met senior Tory backbenchers at Chequers for wbat was described by one MP present as an "entirely social" occasion, one Tory rebel hinted be might be prepared to break ranks by accepting an offer to have the whip returned.

Mr Nicholas Budgen, the MP for Wolverhampton Southb West, said while it would be "a problem" if the offer was not made to all nine rebels, be would not be "inhibited from accepting" just because some of his colleagues wisbed "to stand as independents".

Mr Portillo said Mr Major had "articulated precisely" what Conservatives in general were thinking about Europe in his recent remarks.

This was that "we do not wish to advance towards constitutional change which would take us towards political union in 1996" and that "we will block it".

# Caution attends Lloyd's target rate forecasts

By Ralph Atkins, Insurance Correspondent

Lloyd's of London returned to profitability in 1993 for the first time since 1987 – but has yet to prove it can meet its target rate of return over a longer period, suggest forecasts by a company specialising in analysing the insurance market.

Indemnity Insurance Services estimates that pre-tax profits as a percentage of the insurance market's premium-writing capacity may have been as high as 13 per cent on risks covered in 1993. That excludes the cost of reserving for claims ontstanding on many Lloyd's policies written in previous years.

In a "worst-case" scenario, the minimum return would be about 7 per cent on 1993 underwriting, the company says.

The figures provide the first indication of profitability in 1993 which many bope marks a turnaround in the insurance market's fortunes. Total losses since 1988 have exceeded £7bn.

Lloyd's 1993 business plan, with a strategy for returning the market to profit, set a target pre-tax return of 10 per cent on capacity over the underwriting cycle.

With 1993 and 1994 regarded as having been good years for underwriting and signs that premium rates are softening in 1995, that could prove difficult to achieve in the near term. Lloyd's argues that future years will benefit from cost-cutting measures.

IIS's estimates suggest that wben, by Lloyd'a three-year accounting system, 1993's accounts are published next year, they will show "pure" profits of between £625m and £1.2bn.

Final profit figures are likely to be significantly lower because of the continuing cost of outstanding US asbestosis, pollution and other claims.

They will also follow another year of losses for the 1992 underwriting year, reported this summer. IIS's most recent forecasts for 1992, on information collected late last year, suggested a "pure" loss – before taking account of claims on old years – of between £80m and £350m.

A return in the region of 10 per cent on premium-writing capacity in 1993 would produce healthy profits for Names, individuals whose assets have traditionally supported Lloyd's. Under the insurance market's rules, Names typically underwrite insurance policies paying premiums three times the size of their investment.

## Touche Ross report finds corporations at risk

# Derivatives control 'missing'

Corporate treasury specialists today warn of the dangers to companies of baving inadequate internal control systems governing their derivatives transactions.

Half of Britain's leading companies are still missing key controls on derivatives such as interest rate swaps, despite a spate of widely publicised corporate losses in Europe and the US arising from derivatives transactions, says a survey by accountants Touche Ross, publisbed today. The study is based upon replies from 26 publicly quoted UK companies in the FT-SE 100 index.

According to Touche Ross, most of the recently publicised losses on derivatives positions were due to the omission of basic controls, including a lack of understanding of the permitted bedging transactions.

Yet only 65 per cent of firms surveyed have a written policy on the use of derivatives. Many of these were inadequate: only half of firms surveyed said that tbeir policies specified the types of derivative instruments allowed. Only 50 per cent had policies which imposed limits on the volume and principal amounts of derivatives transacted.

Only 58 per cent of companies freqnently calculate the value of their derivatives: "Many treasurers incorrectly assume that if they are only bedging with derivatives they do not need to value them".

Touche Ross says end users should mark to market derivatives positions each month at least. Mr Derek Ross, the firm's treasury partner, stressed it is "vital that any speculation takes place only with the full understanding and authority of the Board, and within a rigorous control and reporting framework."

**Conner Middelmann**

The *Corporate Use of Derivatives. From Sarah Welch, Touche Ross & Co, Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.*

# Tunnel rail link draws nearer

By Charles Batchelor, Transport Correspondent

Draft legislation to allow the construction of the £2.7bn fast rail link between the Channel tunnel and London is expected to receive its second reading in parliament today.

This stage of tbe bill is regarded as a formality. It will be considered by a select committee where tbousands of petitions may be lodged to change detail. It is expected to take between 16 and 20 months to pass through parliament.

The government has established a route for the 68-mile line between London St Pancras station and the entrance to the Channel tunnel. Councils may press for more of the track to be in tunnels. Some may seek to realign the route.

Three of the most contentious areas are the Boxley valley in Kent; at Thurrock in Essex; and at Barking in east London. Residents want the line put into tunnels. That would be resisted by Union Railways, which is promoting the project and wbicb compares construction costs of £30m-£40m a kilometre for tunnel witb £8m if the track is at ground level.

Four consortia selected to bid will finalise their offers for the deadline of March 14. The winner may be announced in September-October.

Bids are expected from Union Link, which includes John Mowlem, Philip Holzman of Germany and Spie Batignolles of France; Eurorail which includes BICC, GEC and HSBC Holdings; London and Continental (Ove Arup, Bechtel and Blue Circle); and a group including Hochtief, Costain and Siemens.

UK NEWS DIGEST

# Labour to revise bank proposals

Labour is reconsidering a plan to remove supervision of banks from the Bank of England, and to set up a banking commission to supervise and regulate banks and building societies.

The party plans to consult banks, societies, and securities houses this year on proposals for statutory financial regulation, but is reconsidering its supervisory proposals because of concerns that they may raise costs.

Mr Alastair Darling, Labour's City spokesman, is working on a consultative paper which will contain the party's first detailed proposals for changes to financial supervision and regulation if it is elected to government.

## Overseas bond prospects excite fund managers

UK fund managers have become mucb more enthusiastic about the prospects for overseas bonds in 1995, after sharp falls in the prices of fixed interest securities last year.

The latest Gallup poll on behalf of market-maker Smith New Court finds that a balance of 17 percentage points of investors are planning to increase their boldings in overseas bonds and deposits, up from 7 points in December.

UK gilts are also favoured, with a balance of 21 percentage points planning to increase their exposure.

US and European stock markets remain firmly out of favour. A balance of 36 percentage points of managers expect the Dow Jones Industrial Average to be lower than its current level in three months time.

Fund managers are most enthusiastic about Japan, with a balance of 31 per cent of respondents planning to increase their bolding in Tokyo.

## Northern Council to guard regional independence

A body designed to safeguard the independence of the Labour party's northern region held its inaugural meeting at the weekend.

The Northern Council was formed after the cost-cutting merger, imposed by the party's national executive committee, of Labour's northern and Yorkshire regions provoked fierce opposition from all sections of the party in north-east England and Cumbria.

A compromise led to the council, which will be the party's political and campaigning body in England's five most northern counties and will be accommodated within the merged structure. Its immediate task will be to raise the party's campaigning profile before the next general election.

But with a review of the merger promised by the party after that election, northern region Labour members hope the council will also spearhead a return to independence within the party structure.

## Stricter advertising rules 'reflect changed attitudes'

Tougher new rules on alcohol, slimming products, motoring, and snack food advertising are published by the Advertising Standards Authority, the industry watchdog, today.

The updated rules, which apply to printed advertisements and promotions, are also being extended for the first time to electronic media, such as computer games. They come into force on February 1.

The ASA code includes new clauses on alcobol, snack foods, motoring, slimming, environment and decency.

The ASA said the rules, devised by a committee drawn from advertisers, agencies and the media, "take account of changes in attitudes in the last five years both in society generally and the marketplace".

## Motorcycle and moped sales increase sharply

Motorcycle and moped sales rose last year, reversing 15 years of almost uninterrupted decline. However, the 50,000 macbines sold compares with a market of more than 310,000 when the decline began in 1980.

Last year's growth is attributed mainly to increased awareness of powered two-wheelers as a potential answer to congestion and other commuting problems, against the background of intermittent but long-running British Rail strikes last year.

Mr Kevin Kelly, director of the Motorcycle Retailers Association, yesterday predicted further growth for this year.

Statistics from the MRA sbow that sales of motorcycles last year rose by 9.2 per cent, to 44,731 from 40,970. Moped sales rose 11.5 per cent, to 6,417 from 5,754.

## Households with negative equity increase by 200,000

The number of housebolds in the UK with negative equity rose by more than 200,000 to 1.3m in the last three months of last year, according to figures released today from UBS stockbrokers.

The UBS figures also show that negative equity – when tbe mortgage outstanding exceeds the value of the home – has become spread more evenly around the country rather than being concentrated in the south.

Mr Rob Thomas, bousing analyst at UBS, attributed the increase mainly to falls in bouse prices. Halifax, the UK's largest building society, said prices fell an average of 1.7 per cent in the last quarter of the year. The fall over the year was relatively small – at 0.2 per cent – but expectations last January were of an increase of 5 per cent by the end of the year.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# THE WEEK AHEAD

## DIVIDEND & INTEREST PAYMENTS

■ **TODAY**
Allied Irish Bk 10% Bd '96 IR£50.0
Anglo & O'seas Tst 4½% Pf 1.575p
Barlow R0.38
Bett Bros 3.25p
British Steel 2p
BZW Cv Inv Tst Eq IL 96-2002 1.356p
City of Lon. PR 1.4p
Dares Ests. 10¼% Mtg Db '12 £5.125
Elliott (B) 1p
Euromoney Publications 29.5p
Euro. Inv Bank 9% Ln '01 £225.0
Forte FRN 1998 £1667.29
Grampian TV A N/Vtg 2p
Greece 5% Nat Ln 1907 5p
Do 5% Nat Ln 1907 Stg Fd Bd '65 62.5p
Guinness 10⅝% Nts 1997 £106.25
Hicking Pentecost 1.8p
Hino Motors 6.9% Bd '99 Y690000.0
Kobe Steel 5.2% Bd '98 Y520000.0
Do 5.75% Bd '03 Y575000.0
Lasmo 9⅝% Cm Pf '96 4.8125p
Motorola $0.10
Nat West Bk Non-Cm Dollar Pf Ser.A $0.532
Do Ser.B $0.4375
NEC 6.6% Bd '97 Y680000.0
Do 6.8% Bd 2000 Y680000.0
Perkins Food Cv Pf 2005 4p
Quality Software 1p
Ricoh 7% Bd 2000 Y700000.0
Smith (J) Estates 1.7p
Toshiba 6¾% Bd '97 Y675000.0
Do 6¾% Bd '99 Y675000.0
Transtec 1.3p
Treasury 8½% Ln '07 £4.25
Victorian Public Auth Fin. 8¼% Gtd Bd '02 $412.50

■ **TOMORROW**
Amber Indl 7p
Charles Sidney 2.3p
DKB Int Fltg/Fxd Rate Nts '04 $30257.64
Hydro-Quebec FRN '99 $14.38
Japan Air. FRN Jan '98 Y2657777.0
Marston Thompson & Evershed 1.76p
Mid Kent Hldgs 5.3p
Sanwa Fin Aruba Gtd FRN Jul '04 $1565.28
Do Gtd Step-up FRN Oct '02 $782.64
SmithKline Beecham A 3p
SmithKl. Beech/SmithKl. Beck. Eq Units $0.06032
Sumitomo Fin Gtd FRN '04 $30354.17
Tams (J) 1.6p
Treas. 2½% IL '24 £1.8519
Vosper Thornycroft 6.1p

■ **WEDNESDAY JANUARY 18**
Asahi Brew. FRN '96 Y199123.0
Brad. & Bingley Bldg Scty FRN '99 £151.50
Echlin $0.19
Estates & Agency 9p
Evans of Leeds 0.87p
Fenner 1p
King & Shaxson 4p
Do 3½% Ptg Pf 1.75p
Do 5% 2nd Pf 1.75p
Lucas Inds 4.9p
Mercury Euro Priv. Tst 0.6p
Metro Radio 5.15p
Nat Australia Bank A$0.39
Northern Indl Impment Tst 16p
Prowting 1.9p
Sainsbury (J) 3.2p
UPF 1p
Wigmore Prop. Inv Tst 0.5p

■ **THURSDAY JANUARY 19**
Barings Gtd FRN '01 $277.92
Caledonia Invs 5.7p
Concentric 4.29p
Exchequer 9¾% '98 £4.875
Hogg Robinson 2.95p
Lonrho Fin FRN '97 $174.10
Merrydown 1p
Narborough Plants. 20% Pf 1p
Treas. 2% IL 2006 £2.08
Waddington (J) 3.6p
Wells Fargo FRN Jul '97 $148.54

■ **FRIDAY JANUARY 20**
Atkins 3.85p
Australia & NZ Banking A$0.14
Brad. & Bingley Bldg Scty 11⅝% Perm Int Brg £581.25
British Steel 11½% Db '16 £5.75
Capo 3p
Capital Radio 5p
Dewhurst Dent 7% Un Ln 90/2000 £3.50
Eastern Transvaal Cons R0.055
Elys (Wimbledon) 9¾% Un Ln 95/99 £4.875
Exco 3p
Faber Prest 10p
Falcon 2.5p
Ferraris 1.4p
Fuller Smith & Turner A 2.65p
Genesis Chile Fd Ptg $0.48
Hartebeestfontein Gold R0.64
IWP Int IR3.6p
Marks & Spencer 2.8p
McKechnie 9.75p
M & G Inc Inv Tst 1p
Do Geared Units 1p
Do Package Units 1p
Rexmore 1.3p
Rowlinson Sec 0.31p
Shanks & McEwan 1.1p
ShareLink Inv Servs 3p
Shaw (Arthur) 0.2p
Wainhomes 1.5p
Yorkshire Elec 90p
Young (H) 2.4p
Zandpan Gold R0.103

■ **SATURDAY JANUARY 21**
Exch. 10¼% 1995 £5.125
Stirling Grp 0.6p

■ **SUNDAY JANUARY 22**
Exch. 12% 99/2002 £6.0
Sweden 13½% Ln 2010 £67.50
Treas. 4⅛% IL 2030 £2.209
Treas. 11¾% 2003/07 £5.875
Treas. 14% 1996 £7.0

## UK COMPANIES

■ **TODAY**
COMPANY MEETINGS:
**Young (H.)**, Kiln House, Kiln Road, Newbury, Berks., 12.00
BOARD MEETINGS:
Finals:
**Eurocamp**
**Lowe (Robt. H.)**
**Slimma**
**Soundtracs**
Interims:
**Abtrust Scotland Inv. Co.**
**Bromsgrove**
**Carclo Eng.**
**Court Cavendish**
**Explaura**
**Pelican**
**Tomkins**

■ **TOMORROW**
COMPANY MEETINGS:
**Berisford Intl.**, Plaisterers' Hall, 1 London Rd, E.C., 12.00
**Sturge Hldgs.**, Butchers Hall, 87 Bartholomew Close, E.C., 9.30
BOARD MEETINGS:
Finals:
**Central Motor Auctions**
**Everards**
**First Choice Holidays**
**Second Cons. Trust**
Interims:
**Electron House**
**Nobo**
**Northern Ind. Prov.**
**Peel Hldgs.**
**St. Davids Inv. Tst.**
**Saville (J.) Gordon**
**Wyko**
**Williamsons Tea**

■ **WEDNESDAY JANUARY 18**
COMPANY MEETINGS:
**MEPC**, Methzen Room, Centre Point, W., 12.00
**McCarthy & Stone**, Homelife House, 26-32 Oxford Road, Bournemouth, Dorset, 11.00
**M.Y. Hldgs.**, Windlebrook House, Guildford Road, Bagshot, Surrey, 10.00
BOARD MEETINGS:
Finals:
**London & Clydeside**
**London Scottish Bank**
**Lookers**
**RCO**
Interims:
**Aberforth Split Level (2nd)**
**Beales Hunter**
**Colorvision**
**Martin Shelton**
**Photo-Me Intl.**
**SelecTV**

■ **THURSDAY JANUARY 19**
COMPANY MEETINGS:
**Automagic**, A.M. House, Coldharbour Lane, Harpenden, Herts., 10.00
**BOC**, Savoy Hotel, Strand, W.C., 11.00
**Concentric**, The Stafford Suite, The Belfry, Sutton Coldfield, 2.30
**Henderson Strata Invs.**, 3 Finsbury Avenue, E.C., 2.30
**River Plate & General Inv. Tst.**, Knightsbridge House, 197 Knightsbridge, S.W., 10.30
**Shaftesbury**, Pegasus House, 37-43 Sackville Street, W., 12.00
BOARD MEETINGS:
Finals:
**Brooke Tool**
**Brunner Inv. Tst.**
**Hill & Smith**
**Neotronics Technology**
Interims:
**Barbour Index**
**McKay Secs.**
**Ransomes (Wm.)**
**Rubicon**

■ **FRIDAY JANUARY 20**
COMPANY MEETINGS:
**Bellway**, Copthorne Hotel, Newcastle-upon-Tyne, 12.00
BOARD MEETINGS:
Finals:
**Aberforth Smaller Co's Tst.**
**PWS**
**Selective Assets**
Interims:
**Park Food**

*Company meetings are annual general meetings unless otherwise stated.*
*Please note: Reports and accounts are not normally available until six weeks after the board meeting to approve the preliminary results.*

# CONFERENCES & EXHIBITIONS

**JANUARY 19**
**Futures & Options Overview**
A comprehensive overview of Traded Futures and Options, what they are and how they are used. No prior knowledge assumed other than a general knowledge of bonds and equities.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**JANUARY 24**
**Foreign Exchange: a Practical Course**
Provides a basic and practical understanding as to how the foreign exchange spot and forward markets work including obtaining the right rates. Aimed at non specialist staff and managers.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**JANUARY 24-25**
**Re-engineering the IT Function:**
Re-aligning IT culture, capabilities and skills to deliver radical business performance improvement. An international two-day conference of leading experts and practitioners which explores the introduction of new strategies, development of new organisation and management structures to enable IT to play a key role in transforming the business.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
**LONDON**

**JANUARY 24-25**
**Introduction to Derivatives in Treasury risk Management**
Training course covering treasury derivative markets. Currency Options, SAFE's, FRA's, Futures, Interest rate swaps and related products. For Corporate Treasurers, bank dealers and marketing executives, financial controllers, systems and support personnel. £520 + VAT.
Lywood David International Ltd.
Tel: 01959 565820 Fax: 01959 565821
**LONDON**

**JANUARY 25-26**
**Accounting for Investment**
A complete overview of the accounting procedures in all the major investment areas: Equities, Fixed Interest, Property, Futures and Options. Suitable for staff and managers working in Investment Accounting who want a comprehensive but not complex review.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**JANUARY 25-27**
**Digital Images '95**
Europe's first major conference and exhibition on electronic photography, digital image capture, manipulation, storage, archiving, proofing and electronic delivery. Speakers from all over the world share their experience. There are also 32 special-interest sessions which may be booked individually.
Details: The Hammond Organisation
+44-81-943 9700
**LONDON**

**JANUARY 26**
**An Inside Guide to Management Buy-outs**
This seminar held jointly by Binder Hamlyn and Herbert Smith will provide an overview of the key issues involved in a management *buy-out and how to deal with them.* Delegates will have the chance to talk in an open forum or on a one-to-one basis with speakers, partners and financiers on a confidential basis.
Enquiries: Julie Williams at Herbert Smith
Tel: 0171 374 8000
**LONDON**

**JANUARY 27**
**Investor Relations: The Institutions**
What makes the institutions tick, the funds within the funds, 1995 institutional activist agenda, analysis of top houses and fund managers. Speakers include BA Pensions Fund CEO David Gamble, MAM Director Paul Harwood, TR Smaller Companies IT Director John Alexander, Merrill Lynch. Moderator:Institutional Investor magazine London Bureau Chief David Fairlamb.
Contact: Bass Associates Seminars
Tel: 071 497 2225 Fax: 071 497 9295
**LONDON**

**JANUARY 30 - FEBRUARY 1**
**Investment Markets Briefing**
A thorough briefing in Equity Markets and Analysis, Bonds, Futures & Options and Portfolio Construction for those lacking specialist knowledge working with Fund Managers or in Securities and Investment companies. No prior knowledge assumed.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**JANUARY 30**
**Money Laundering - The Law, Responsibilities and Procedures**
The Criminal Justice Act has placed new duties and responsibilities on individuals, banks and other financial institutions. This one-day course will address Definition, Identification, Regulation, Responsibilities and the Role of Supervisory Bodies with Practical Examples. £225, 1 day.
Contact: Fairplace
Tel: 0171 329 0595
**LONDON**

**JANUARY 30-31**
**Publishing in the Russian Market - Strategies for Foreign Periodicals & Press**
Examining the rapidly developing publishing market, opportunities for western publishers, marketing strategies, distribution techniques, circulation problems & copyright. Chairman George Green Hearst Magazines International, USA. Expert speakers from Europe & Russia
INTERFORUM Tel: +44 (0) 171 386 9322
Fax: +44 (0) 171 381 8914
**LONDON**

**JANUARY 31**
**Lithuania - A Practical Guide to Business Opportunities**
CBI/Lithuanian Investment Agency conference will look at business opportunities in Lithuania as the government has recently introduced new legislation to control the money supply and stabilise the Litas. The IMF has stated its support for Lithuania's monetary policy. Keynote address by the Lithuanian Prime Minister Mr Adolfas Slezevicius.
Contact: Nicola Martin, CBI Conferences
Tel: 0171 379 7400 Fax: 0171 497 3646
**LONDON**

**JANUARY 31 - FEBRUARY 1**
**Correspondent Banking**
An introduction to the role of the correspondent banker. Exploring marketing opportunities, relationships, products and risk assessment. Relationship Development, Bank Evaluation and Failures, Regulation and Supervision; Risk Analysis and Control; Credit Ratings, Marking, Reviewing Limits; Income Generation - Trade Finance, Funds Transfer, Treasury. £395. 2 days.
Contact: Fairplace
Tel: 0171 329 0595
**LONDON**

**JANUARY 31 - FEBRUARY 1**
**Practical Dealing course - Foreign Exchange**
Training in Spot and Forward forex dealing for trainee/junior dealers and Corporate treasury personnel. Highly participative course including WINDEAL (PC Windows-based dealing simulation). Training effected by practitioners with many years market experience. £520 + VAT.
Lywood David International Ltd. Tel: 01959 565820 Fax: 01959 565821.
**LONDON**

**JANUARY 31 & FEBRUARY 1**
**Specialist Training for Middle/ Back Office Functions**
***Introduction to Capital Markets***
The Debt (Bond)/Equity Markets: Product Definitions & Market Background; Transaction Processing; The Regulatory Environment; Settlements Clearance & Funding; The Clearing Systems; Operational Issues; Control Summaries; Mini Case Studies included. £395 + VAT 2 days.
Contact: TFL/Nicola Blackman
Tel: 0171-606-0084/600-2123
Fax: 0171-600-3751
**LONDON**

**FEBRUARY 2**
**Impact of Derivatives on Securities Markets**
A high-level conference to examine the impact of the growth of derivatives on securities markets. Speakers will include senior representatives from LIFFE, SOFFEX, London Stock Exchange, J P Morgan Securities Ltd, Union Bank of Switzerland, Deutsche Borse AG and Banque de France.
Contact: Arielle Savona, Dow Jones Telerate
Tel: 0171 832 9737 Fax: 0171 353 2791
**LONDON**

**FEBRUARY 3**
**Trade Associations for the 21st Century**
CBI Conference, including speakers from the Department of Trade and Industry and major trade associations will address practical issues and encourage exchange of best practice.
Contact: Nicola Martin, CBI Conferences
Tel: 0171 379 7400 Fax: 0171 497 3646
**LONDON**

**FEBRUARY 6**
**Staff Recruitment and Selection**
**FEBRUARY 7**
**Performance Appraisals**
Two one-day courses: Job Identification, Specification, Selection Process. Effective Advertising, Shortlisting, Networking. Structured Interviewing, Phychometric Models. The Process, Techniques and Aims of Performance Appraisal in developing an Effective Team. £245 per course. 15% discount for delegates booking both courses.
Contact: Fairplace
Tel: 0171 329 0595
**LONDON**

**FEBRUARY 7 - DECEMBER 1**
**Financial Awareness for Managers**
Over 10 1-day tutorials this course covers interpretation of financial statements, investment appraisal, working capital, management accounting and business analysis. Delegates receive a copy of the Certified Diploma Open Learning Programme - a comprehensive 2,000 page guide to finance and accounting for the non-accountant.
Contact: Karen Morris, ACCA Tel: 071 396 5722 (24 hours)Fax: 071 396 5790
**LONDON**

**FEBRUARY 8-9**
**Efficient Portfolio Management**
A detailed overview of Efficient Portfolio Management including the regulations, the use of Futures & Options and Stock Lending. Assumes only general securities knowledge but no EPM knowledge. Ideal for Compliance Officers, Lawyers, Accountants and Directors.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**FEBRUARY 8-10**
**Fund Management Overview**
A clear and complete overview of what fund management involves including asset allocation, sector and stock selection and portfolio construction. Aimed at those working with Fund Managers in support staff, and executives, clients, trustees, etc.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**FEBRUARY 9-10**
**Valuing Companies**
Company Valuation is the Backbone of Corporate Finance and often a Key Factor in Lending Decisions. Concepts and Components of Value, Risks and Returns. Methods of Valuing Companies - Asset, Earnings, Cashflow Based. Leveraged Buy-outs, advanced Techniques. Emerging Markets. £475. 2 days.
Contact: Fairplace
Tel: 0171 329 0595
**LONDON**

**FEBRUARY 13**
**Financing the International Oil Industry - An Impending Problem**
Will the development of the international oil industry in the near future be constrained by lack of finance? Papers will include: Financing Requirements for International and Independent Oil and Gas; Equity, and Capital Markets, Cross Border Pipelines; Treasury Risk; Russian Energy Projects and Political Risk.
Contact: Caroline Little, Institute of Petroleum
Tel: 0171 467 7100
**LONDON**

**FEBRUARY 13**
**User's Guide to the Yellow Book**
Covers all the key areas, both old and new in the London Stock Exchange listing rules with emphasis on the user, and practical applications. Essential for Corporate Finance executives in Brokers, Bankers and Finance Directors in listed companies.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**FEBRUARY 14**
**8th Oil Price Seminar - Influences on Future Markets**
This popular event at IP Week focuses on the influences of costs on prices, the impact of US environmental laws on oil markets and the future evolution of international oil markets. Plus Exhibits and NYMEX sponsored Wine Reception.
Contact: Catherine Cosgrove
Tel: 0171 467 7111 Fax: 0171 255 1472
**LONDON**

**FEBRUARY 14-15**
**UK RADIO: Investments & Finance**
In-depth conference on critical issues facing UK radio industry and how to create strategies for success. Panels on the BBC vs commercial radio, investment, advertising initiatives and programme formats.
Contact: Patricia Baynton, Kagan World Media Limited
Tel: 0171 371 8880 Fax: 0171 371 8715
**LONDON**

**FEBRUARY 14-15**
**Increasing Business by Telephone**
An interactive course covering all the key areas which make you successful on the telephone, ie Building better relationships, Effectively promoting products & services, Controlling incoming and outgoing calls. £495 + VAT, inclusive of accommodation, meals and refreshments.
Contact: Structured Training
Tel: 01926 337621
**LONDON**


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**FEBRUARY 14-15**
**Selling Skills for Treasury Staff course**
The Selling Skills for Treasury Staff is designed to introduce the subject of selling techniques to corporate dealers and customer services people. The course looks at the need to empathise and then identify the most appropriate products. The linking of products to the customers situation. Leading to greater confidence when dealing with the customer. £520 + V.A.T.
Lywood David International Ltd.
Tel: 0959 565820 Fax: 0959 565821
**LONDON**

**FEBRUARY 15-16**
**Human Resources Conference**
***Preparing for the New Millennium***
Innovative yet practical solutions to the human resource issues facing European companies. Practitioners and experts will present totally new ways of looking at jobs and the way employees are developed, motivated and rewarded.
Contact: Kathleen Stuart-King at The Conference Board Europe in Brussels
Tel: 32.2/675.54.05 Fax: 32.2/675.03.95
**LONDON**

**FEBRUARY 15-17**
**Credit Training Workshops**
Thomson BankWatch, Inc. leader in global bank risk analysis, is running a series of credit training workshops. Topics being covered are: Emerging Markets Sovereign Risk Analysis, Latin American Banks, Introduction to Banking Systems and Banks Emerging Markets of Asia. For full details please contact Terry Brume 0171-353 5548 or Fax: 0171-815 0408
**LONDON**

**FEBRUARY 16**
**Collaboration for Competitive Advantage: The Changing World of Alliances and Partnerships**
The imperatives of competing in global markets through strategic development of their businesses means that many more companies have to consider whether alliances or partnerships must be among the routes to greater sustainable profits.
Contact: Jo Mainee, The Strategic Planning Society
Tel: 0171 636 7737 Fax: 0171 323 1692
**LONDON**

**FEBRUARY 16**
**Major Overseas Projects**
A one-day seminar on the AlpTransit tunnels, the Oresund bridge and tunnel, Dublin's Light Rail project and the Copenhagen Mini-Metro. Project Directors are flying in to present the opportunities for UK companies.
Contact: Hazel Reddin
Tel: 091 235 7297 Fax: 091 235 7288
**NEWCASTLE**

**FEBRUARY 20 - 21**
**Business Process Re-engineering (BPR)**
Leading seminar series on Business Process Re-engineering. Enhanced 1995 programme includes new sections on self-managed teams and radical BPR. Coaching style of presentation. Based on 150 successful BPR projects. 60 organisations in the private & public sectors attended in 1994. Repeated March 20-21.
Contact: Richard Parris, Vertical Systems Intercede Ltd. Tel: 01455-250266 Fax: +44 1455-890821
**LONDON**

**FEBRUARY 21**
**A Guide to Swaps in Practice**
A guide for non-experts and non-specialists in the practice and application of Swaps, assuming no prior knowledge. Aimed at Finance Directors, Treasurers, Lawyers, Accountants, Compliance Officers and Fund Managers.
Contact: Investment Education plc
Tel: 0161 228 2400 Fax: 0161 228 2440
**LONDON**

**FEBRUARY 22-23**
**Pay Appraisal and Career Development**
A practical guide to the latest techniques for achieving excellent employee performance in the delayered organisation. This important two-day conference explores how to radically improve your business performance by linking individual targets to corporate objectives through effective reward, appraisal and motivation systems.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
**LONDON**

**FEBRUARY 23**
**Europe and Regulation - The New Totalitarianism**
IOD Lecture being given by journalist and author, Christopher Booker who has attracted a wide following for his reporting on the damage being inflicted by bureaucracy on every type of business.
Contact: Institute of Directors
Tel: 0171 730 4022
**LONDON**

**FEBRUARY 23-24**
**Delivering Business-Focused Information Systems**
How to use modern techniques to deliver information systems which are effectively integrated into your business to facilitate change. Learn methods which are well suited to an environment of rapid change and how to control them without taking unnecessary risks. £680.
Contact: Monadnock
Tel: 0181 871 2546 Fax: 0181 871 3866
**LONDON**

**FEBRUARY 28**
**Project Management: Developing the Human Skills for Success**
This seminar will show how project management skills can be improved through practical techniques to enhance the way individual managers formulate goals, communicate and influence. Focusing on the human element rather than mechanical tools and techniques. £365
Contact: Monadnock
Tel: 0181-871 2546 Fax: 0181-871 3866
**LONDON**

**FEBRUARY 28 - MARCH 1**
**Trawling the Internet: The Commercial Impact and Opportunities**
A timely overview outlining the benefits of Internet services to the professional and commercial organisation. Users and vendors of Internet products and services, politicians, computer multinationals explain their strategy and vision of the future.
Contact Unicom Seminars
Tel: 0895 256 484, fax: 0895 813 095
**LONDON**

**FEBRUARY 28 - MARCH 2**
**CHP: Powering The Economy**
Cutting energy costs and improving the environment will be the theme of the Combined Heat & Power Association's national conference. Keynote speakers include: Robert Jones MP, Minister for Energy Efficiency; Martin O'Neill MP Labour Party Energy Spokesman; Prof Stephen Littlechild, OFFER; Clare Spottiswoode, OFGAS; Dr David Slater, HMIP.
Contact: Pamela Rudolph, CHPA
Tel: 01403 785409 Fax: 01403 786189
**NOTTINGHAM**

**MARCH 1 - 3**
**Asian Companies EXPO**
*This entirely new concept for the financial* markets brings together in one location an extensive and diverse array of leading Asian Companies, and provides institutional investors with a unique opportunity to evaluate potential growth and return first hand across all sectors on a one-on-one basis.
Contact: Euromoney EXPO's Limited.
Tel:+44 (0) 1895 624794, Fax: +44 (0) 1895 624447.
**EARLS COURT, LONDON**

**MARCH 2**
**Managing New Product Development for Business Turnaround**
One day conference exploring how design management is fundamental to the manufacturing process. Organised by the Design Museum and sponsored by the DTI.
Contact: Conference Secretariat: Northern Conference Bureau
Tel: 01625 502600 Fax: 01625 502900
**Conference Centre MANCHESTER**

**MARCH 2**
**Contemporary Europe 1995 - The State of the Union**
A series of 12 seminars on political, economic and social developments within the European Union. Presented by London School of Economics lecturers and aimed at professionals. Held on Thursday evenings starting March 1995.
Contact: LSE Continuing and Professional Education Unit
Tel: 0171 955 7227
**LONDON**

**MARCH 2 & 3**
**Shopping in Cyberspace & Publishing for profit on the Internet**
These two day workshops show how the convergence multimedia technology is changing the worlds of publishing and commerce. Key players explain how home shopping networks are influencing different retailers and consumers; and how the cybermedia (the Internet) is revolutionising the publishing industry.
Contact Unicom Seminars
Tel. 0895 256 484 Fax 0895 813 095
**LONDON**

**MARCH 6 & 7**
**FT World Steel Industry**
The aim is to bring together speakers from around the world to share their views on the key questions facing the steel industry such as its future structure, alliances and mergers, privatisation and new technology.
Enquiries: Financial Times
Tel 081-673 9000 Fax: 081-673 1335
**LONDON**

**MARCH 7**
**Elements of Regulation**
One day introduction to regulatory issues. Demands no prior experience. Considers techniques of utilities regulation and other sectors. Topics covered: price controls; franchising; enforcement; cost of capital; regulating quality of service.
Contact the LSE continuing and Professional Education Unit.
071 955 7227
**LONDON**

**MARCH 8-9**
**Business Performance Measurement:**
Transforming corporate performance by measuring and managing the drivers of future profitability. This two-day conference explores relevance and practicality of developing new "corporate dashboards", which include non-financial indicators, such as customer satisfaction, quality and benchmarking.
Contact: Business Intelligence
Tel: 0181-543 6565 Fax: 0181-544 9020
**LONDON**

**MARCH 15, 16 & 17**
**COMPACS '95 - The 19th International Conference on Computer Audit, Control & Security**
HIGHLIGHTS: Computer fraud abuse; Telecommunications Fraud; Client Server Environments; Internet & Global Network Security; The DTI Code of Practice.
Bookings/enquiries: IIA-UK
Tel: 0171 498 0101
**LONDON HILTON**

**MARCH 19 - 31**
**Retail and Wholesale Banking**
2 week residential seminar for bankers from the emerging markets. Week 1- retail banking, payments systems, credit assessment & trade finance. Week 2- wholesale treasury, FX and MM and derivative markets. Highly participative training seminar, incl. educational visits to financial institutions in both weeks. £3,750 + VAT. fully inclusive tuition & accommodation. (15% discount 2+).
Lywood David International Ltd. Book by Fax: +44 1959 565821.
**CROYDON & LONDON**

**MARCH 20 & 21**
**FT World Pharmaceuticals**
This conference, arranged jointly with Coopers & Lybrand, takes as its theme 'Evolving from Pills to Healthcare - Realising the Ambition'. Leading figures will outline their vision and strategies for moving from being pharmaceutical product-based companies to becoming 'healthcare' players.
Enquiries: Financial Times
Tel: 081-673 9000 Fax: 081-673 1335
**LONDON**

**MARCH 22**
**Presentations for Professionals by Professionals**
Sharpen your presenting skills in a West End theatre. Businessmen, designers, actors and stand-up comedians will show you how to galvanise audience attention; ensure impact and memorability; create selling slides; use humour... Learn how to produce unforgettable presentations.
Contact: Executive Presentations
Tel: 0171 251 5053 Fax: 0171 490 0566
**LONDON**

**MARCH 27-28**
**Six Thinking Hats Workshop**
**The Management Tool for Building the Innovative Organisation**
Created by Edward de Bono. Course Presenters: Chuck Dymer, Caspar de Bono. Learn to: Use 'Parallel Thinking' techniques as a powerful alternative to Adversarial Thinking; Increase output from meetings; Decrease meeting times; Make your organisation more innovative and action oriented.
Contact: Juliet Muchenje, Monadnock
Tel: 081 871 2546 Fax: 081 871 3866
**LONDON**

**MARCH 27 - 28**
**Windows ™ in Finance**
Now in its third year, this Microsoft endorsed event will update you on the very latest developments in Windows based solutions for the financial industry. The event includes a comprehensive free-entry exhibition, plus an executive level conference. Call Charlotte Stone on 0171-242-1548 for more details.
**LONDON**

**MARCH 28-29**
**Electronic Messaging**
Electronic messaging is one of the most important requirements to survive in an increasingly dynamic market and to play a role in its future. Topics include: interconnecting existing messaging communities, workgroup computing; mobile and remote workers; electronic messaging and EDI, desktop applications, information security standards.
Contact: Unicom Seminars
Tel 0895 256 484 Fax 0895 813 095
**LONDON**

**MARCH 28-29**
**The Role of IT in BPR: Enabler Versus Dictator**
This seminar examines intersections and synergies between BPR and information technology, and investigates pros and cons of application-pull versus technology-push. It identifies the critical success factors in BPR; explains the practical steps to exploit the synergies; analyses the role of the IT community in BPR. Followed by a separate two-day workshop: "Aligning IT and BPR: building the enterprise model."
Contact: Unicom Seminars
Tel. 0895 256 484 Fax: 0895 813 095
**LONDON**

**MARCH 29-30**
**Strategies for Implementing Re-engineering programmes: Methods, capabilities and software tools to support the re-engineering life cycle**
Presents a practical guide to managing the analysis, redesign, modelling & implementation phases of process re-engineering. Outlines how to develop new skills & capabilities, & how to apply the latest software tools & methodologies.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9020
**LONDON**

**MARCH 30**
**Banks, The City and Politics**
The banks and: the economy; industry; the press; the government. The Chartered Institute of Bankers' first annual conference is sponsored by AT&T and will be chaired by Sue McGregor. Speakers include Eddie George, Tom Farmer and Christopher Fildes.
Contact: Gillian Wright, CIB
Tel: 0227 762600 Fax: 0227 763788
**LONDON**

**APRIL 20**
**FT Marketing Professional Services '95**
The Financial Times and Professional Marketing have organised a Congress which is built around a point of contact sales masterclass and a series of workshops providing practical guidance in getting better business and competitiveness, the PSMA benchmarking survey and professional ethics. Presentation of the prestigious 1995 FT/Professional Marketing awards for professional service firms worldwide.
Enquiries: Financial Times
Tel: 081-673 9000 Fax: 081-673 1335
**LONDON**

**EXHIBITIONS**

**MARCH 1 - 3**
**Asian Companies EXPO**
This entirely new concept for the financial markets brings together in one location an extensive and diverse array of leading Asian Companies, and provides institutional investors with a unique opportunity to evaluate potential growth and return first hand across all sectors on a one-on-one basis.
Contact: Euromoney EXPO's Limited.
Tel:+44 (0) 1895 624794, Fax: +44 (0) 1895 624447.
**EARLS COURT, LONDON**

**INTERNATIONAL**

**JANUARY 25-26**
**Beyond Re-engineering for Global Competitiveness and Growth**
This conference will explore how organisations can increase global competitiveness and growth by improving or innovating business processes to be more customer-focused; maximising workforce potential and incorporating change management principles. Keynote speaker: European Commissioner Martin Bangemann. Jointly presented by The Conference Board Europe, Ernst & Young and Rank Xerox.
Contact: Kathleen Stuart-King at The Conference Board Europe in Brussels.
Tel. 32.2/675.54.05 Fax: 32.2/675.03.95
**BRUSSELS**

**JANUARY 26 & 27**
**Technical Assistance & Economic Aid to the former Soviet Union, Central & Eastern Europe: The Way Forward**
Examining the business opportunities within EC aid programmes (Phare & TACIS). With representatives from EC, World Bank, Know-How Fund, industry & consultants. Time allocated for individual meetings between participants, aid agencies & consultants.
INTERFORUM Tel: +44 (0) 71 386 9322
Fax: +44 (0) 71 381 8914
**BRUSSELS**

**FEBRUARY 20-25**
**Banking into the 21st Century**
This high profile conference will discuss the direction International Bankers will take as we move towards the Millenium. Topics include: Credit cards and local credit Systems, Western accounting standards, factoring, leasing, currency dealing and Banking Security issues.
Contact: Michael Moulan Fund Corp.(UK) Ltd
Tel: 0181 332 6644 Fax: 0181 332 6134
**SWITZERLAND**

**FEBRUARY 27 - MARCH 2**
**Lafferty's Cards & Payments Convention**
"An Industry Revolution in the Making"
Three successive events: Int'l Bank Card; Smart Card and Electronic Payments Conferences. Programme to include: technology, marketing, third-party processing, POS updates and cross-border payments. Senior level speakers from leading financial institutions worldwide
DON'T DELAY! FOR FURTHER INFORMATION, PLEASE CONTACT:
Elaine Fitzsimons, Lafferty Conferences
Tel: (+353-1)671 8022 Fax: (+353-1)671 3504
**FRANKFURT**

**MARCH 20 - 22**
**Credit Training Workshops**
Thomson BankWatch, Inc. leader in global bank risk analysis, is running a series of credit training workshops in Frankfurt. Topics being covered are: Fundamentals of Sovereign Risk Analysis, Techniques of Bank Credit Analysis, and a Survey of OECD Banks and Systems. For full details please contact Terry Brume 0171-353 5548 or Fax: 0171-815 0408
**FRANKFURT**

**MARCH 23**
**Eurobudget 95 Conference**
Business opportunities for funding or work in 80.9 billion Ecu 1995 EU Budget expenditure, for national, regional, local authorities/private sector consultants, suppliers, contractors. Includes 200 page EU Budget Guide.
Société Générale de Développement SA.
Tel: +322 512 46 36 Fax: +322 512 4653
**BRUSSELS**

**MARCH 27-29**
**Sub-Saharan Oil & Minerals**
The foremost conference on African oil and mining. Speakers include President Mandela and Cabinet Ministers from over 30 African countries. Co-hosted by the SA Chamber of Mines; Gabonese Ministry of Mines & Energy; Nigerian National Petroleum Corporation; Sonangol; SA Ministry of Mineral & Energy Affairs and Europe Energy Environment.
Contact: 3 Hayne St, London EC1A 9HH
Tel: 44-71-600-6660 Fax: 44-71-4044
**JOHANNESBURG**

**MARCH 29 & 30**
**Central & Eastern European Power Industry Forum**
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مكان عنه الأصل

Air France is running a race against time as it attempts a daring recovery plan, explains **John Ridding**

# Tough schedule for take-off

Christian Blanc has negotiated with militant separatists in the French territory of New Caledonia and wrestled with the powerful unions at RATP, the urban transport authority in Paris. But both tasks pale in comparison with his present mission.

In taking the chair at Air France at the end of 1993, Blanc inherited the country's most daunting management challenge. The latest of several rescue attempts at the airline had just ended in disaster, with a violent strike and the resignation of his predecessor, Bernard Attali. The state-owned carrier was racking up an annual loss of more than FFr8bn (£940m) and weighed down by debts of five times that figure.

Today, Blanc's own rescue strategy is approaching its moment of reckoning. "We have taken most of the big steps," says Denis Olivennes, director and one of the architects of the recovery plan. "For the first year we have reorganised the company and have given the employees tha tools they need. Now it has to be made to work."

It is far from certain that it will. Although losses have been reduced, Air France'a rivals are not standing still and the industry faces ever more competition as deregulation extends across Europe's skies.

But Blanc's battle plan is now clear. It involves a frontal assault on one of the French public-sector's most entrenched bureaucracies and a radical decentralisation of management. Should it succeed, it would supply a blueprint for the reform of ailing state enterprises and provide pointers for struggling public-sector carriers.

On the face of it the strategy is straightforward. The principal steps have comprised a diagnosis of the airline's ailments, an attempt to win the support of the workers, and the implementation of recovery measures. But the scale of the task has prompted Blanc and his team to resort to methods which have often proved innovative and occasionally desperate.

The innovations started immediately. A team of sociologists from SMG, a consultancy group, was called in to help identify the airline's problems. It was led by François Dupuy, a colleague of Professor Michel Crozier, a pioneer in the study of bureaucratic organisations.

"What we found was a profound inadaptation of the organisation. Like many state-owned companies Air France had a hierarchical and centralised structure with little co-ordination between activities. It had technical excellence but no commercial excellence. An example he cites to demonstrate the lack of co-ordination between the various divisions was the last evening flight from Stockholm. The aircraft would park near the hangar for overnight maintenance, despite the fact that this added almost 30 minutes to the time it took passengers to reach the terminal. "People were only concerned with their own job, there was no consideration for the final product."

To gain support for the necessary reforms, Blanc resorted to a second innovation – a referendum. Faced with opposition from the majority of the airline's 14 unions to a rescue package which included 5,000 job cuts, a pay freeze, and measures to raise productivity by 30 per cent by the end of 1997, the chairman appealed directly to the company's 40,000 employees.

It was a big gamble, but it paid off. More than 80 per cent of the 30,000 employees who responded to the referendum gave their approval. All but two of the trade unions, anxious at having been outflanked in this manner, have subsequently given their approval to the package, allowing Blanc to proceed with the implementation of cost-cutting measures.

The economies, however, are a relatively easy part of the task. "There is no magic on the cost side," says one official at the airline. "You just need commitment and determination." It is much harder to revive revenues and the quality of service. This is where the real battle is being waged and where a revolution is being attempted.

At the thick of this battle lies a reorganisation of the company structure. "We realised that we could not remedy the organisation in place, so we would have to rebuild it," says Olivennes.

This has involved breaking up the previous structure into separate profit centres. Instead of a handful of large management structures, such as the personnel division, which covered the flight crews, and the commercial division, which was responsible for ticket sales and marketing, Air France now comprises 11 profit centres. Five cover geographical markets, such as the Americas and France, while others include freight, maintenance and the Paris airport services. Each centre includes parts of the previous structures so the Americas profit centre, for example, contains personnel, commercial, airport and transport responsibilities.

For Christian Kozar, head of the profit centre for airport operations in Paris and a close aide to Blanc, the guiding principle behind the strategy is decentralisation and co-ordination. "We had to make the organisation units of a human size and bring decisions to ground level." We also had to improve connections between activities."

The dogma of decentralisation might sound banal. It has, after all, been the management creed of many companies over the past decade. At an airline, however, it is not so ordinary. "To my knowledge no other major airline has attempted this kind of decentralisation before," says one senior industry executive.

For Olivennes, the only previous experiment has been at Iberia – hardly a happy example given its struggle against bankruptcy. He argues, however, that the lesson from the Spanish airline does not invalidate the idea of decentralisation but shows that it must be balanced.

"They had profit centres competing against each other, such as separate ticket offices for different regions in the same town," he says. "If passengers on a Paris-Madrid flight don't go afterwards from Madrid to New York then you lose money. There has to be co-operation and co-ordination between profit centres because airlines are essentially a network."

If there are risks to be avoided, what are the benefits to be reaped? Most immediately there is something constructive in the destruction of the previous system. "It is an intelligent way to break the bureaucracy," says one industry analyst. "It shakes things up and facilitates a change in thinking and attitudes which is absolutely essential."

By making managers identifiable and responsible for results it also assists efficiency. "We have a $5bn (£3bn) revenue business and we are absolutely answerable for it," says Louise Roy, the head of the profit centre for the Americas. Efficiencies are also created by the client/supplier relationship between the profit centres.

For Kozar, one of the principal advantages of the new structure is that it has stripped out layers of managers. "Hierarchical management is finished. We have cut the management levels in our profit centres from eight to three and have created a much more responsive operation."

At the airports under his control this means that employees are divided into units for each terminal, usually numbering about 500. There is one chief manager for each terminal and one permanently-manned command post. "Before, like other airlines, we had a huge transport division which managed all of the airports and destinations. But how can someone sitting in Paris do this properly?"

Kozar and the management team are convinced that the new organisation is a necessary condition for survival. But they know it is not sufficient. "We can't say today whether it will work," says Olivennes. "But we have moved in the right direction."

Whether the airline can move far enough will depend on the extent to which Blanc's shake-up and reorganisation change attitudes and culture within the company. "I am worried because most of you do not have an economic culture," the chairman told an audience of managers last year.

Dupuy believes that the restructuring of the company has helped. "It has sent a powerful message of change. But you can't alter attitudes just by re-drawing the company organogram."

Part of the problem stems from contradictions involved in reforming a bureaucratic company. "To fundamentally reform a big company yon need the confidence and enthusiasm of the workforce. But if the company is in crisis then you don't have that confidence," says Olivennes.

At the same time, he argues, it has been hard to persuade some employees of the need to change. "There has been a myth that Air France, as the national carrier, could not fail." For Dupuy, a further obstacle lies in the fact that bureaucracies are characterised by orders coming from above. "People often wait to be told what to do rather than develop their initiative. There are many people who are unable or unwilling to change their attitudes."

The response to these obstacles has been to increase the incentives for employees and also to change the personnel themselves. On the first count, the company this month completed a scheme whereby employees could take shares in the company in return for salary cuts. About 30 per cent of the staff signed up, providing the twin benefits of an immediate cut in staff costs and motivation to maximise the value of the shares received.

With respect to personnel, there has been a significant overhaul. In addition to arrivals like Olivennes, a former aide to Edouard Balladur, the prime minister, and Kozar, the right-hand man of Blanc at RATP, there has been a broad shake-up of senior management. "The executive committee around the chairman used to be 40 people. Now it is 25 and they are mostly all new," says Kozar.

There have been losers. "A lot of the old barons had to leave or to find other jobs," says one executive. For example, the former manager for "technical affairs" who used to have 17,000 employees under his control has been put in charge of studies relating to the recovery project.

Despite the scale of the upheaval, however, many believe Blanc and his team need to go further. "They have made a good start and the new chairman has scored high on presentation," says an executive at a rival airline. "But just because they are doing things differently is no guarantee they will work." He claims that other airlines have made much bigger job cuts and that Air France may need to go beyond the 5,000 included in the plan. Another criticism is that the benefits of separate profit centres are limited if they are restricted to dealing with each other. "If they really want efficiency they should be able to shop around," says one industry analyst.

Not surprisingly, Blanc and his team believe they will succeed. And there are precedents for cheering recovery stories in the French public sector. The most encouraging is Renault, which transformed itself from the sick man of the European car industry to one of its most profitable members.

Dupuy cites several parallels between the two cases. "Renault used to have a very rigid structure. To take an example, there was no co-operation between the design and manufacturing divisions. They changed this entirely, and Air France must do the same."

The trouble, however, lies in the timetable. Renault took eight years or so to turn itself around. With the liberalisation of Europe's airline market scheduled for 1997 and with competitive gains at rivals such as British Airways and Lufthansa, Air France is facing a daunting race against the clock.

**PIONEERS AND PROPHETS**

## Lawrence Miles

**Value analysis techniques shaved tens of millions of dollars off production costs at America's General Electric in the early 1950s. They were introduced to the US Navy and other US government departments with conspicuous and lasting success. And they were enthusiastically and profitably adopted by companies in Korea and Japan a decade later.**

**VA – or value engineering as Americans call it – was pioneered by Lawrence Miles (1904-1986) during the second world war when this self-effacing engineer was charged with sourcing large numbers of turbo-superchargers for bomber engines. Supplies were short, which forced him to focus his attention on the function of the product rather than the product itself.**

**In 1947 Miles formally developed this into a Value Analysis system at GE, which he later described as "an organised creative approach which has as its purpose the efficient identification of unnecessary cost, ie. cost which provides neither quality, nor use, nor appearance, nor customer features".**

**Clive Bone, author of two books on the subject, says value analysis "is a systematic team-based approach to ensuring better value for money from consumer products, industrial and building design and services".**

**Its popularity has waxed and waned in Europe but elsewhere VA was used to underpin Japan's "lean" production and *kaizen* philosophies and was copied by the Koreans and other Pacific rim countries. Although ultimately less feted in his own country than W Edwards Deming (this page January 2), Miles shares with the great American "quality" guru the distinction of having received (posthumously) an Imperial award for his "outstanding contribution to Japanese industry".**

**TQM has certainly captured more imaginations than VA, but Bone sees several reasons for its decline in the UK (and to a lesser extent continental Europe). "VA can be hard work", he says, "but maybe it was badly managed and did not fit in with our short-termist and flavour-of-the-month culture. Perhaps it requires to be heavily promoted to take hold – as in Korea where the Korean Management Association put much energy into ensuring that Korean companies were aware of the approach."**

**The Miles legacy, however, has far from disappeared. Besides the Miles Foundation, an educational charity in Washington DC, there is the Illinois-based Society of American Value Engineers (Save), an international organisation which boasts 1,200 individual and 35 corporate members (among them General Motors and Yorkshire Water of the UK). Save reports a revival of interest in VA, particularly in Europe, a trend endorsed by the UK's much smaller Institute of Value Management. Having nearly disappeared in the mid to late 1980s, the institute's membership is now expanding on the back of indirect support from the European Commission and renewed enthusiasm on the part of the Department of Trade and Industry.**

**Tim Dickson**

# Advertising confirms its raffish image

**MICHAEL THOMPSON-NOEL**

If yon meet Maurice Saatchi, you are unlikely to forget him. I used to lunch with the deposed chairman of the Saatchi & Saatchi advertising group at the Ritz Hotel in London, where the waiters – a particularly snooty band – called him "young Mr Maurice" and doted on him affectionately. If he wanted to, Maurice could charm the smallest birds from the tallest trees in deepest Amazonia. He is bright, rich and not yet 50.

It would have been a surprise bordering on an affront to advertising tradition, therefore, if the man who co-founded Saatchi & Saatchi with his brother Charles 25 years ago had taken his eviction from the mother-ship calmly, for his charm is a front for steeliness and persuasiveness.

He plans to form a new agency which he will doubtless hype to the skies as an advertising shop of millennial significance. As for the Saatchi group itself, it will (or will not) retain a worthwhile share of its business and ride out the storm, despite the loss of all those top brass who clumped out behind Maurice.

Does this confirm the age-old view of advertising agencies as combustible businesses at the mercy of egotistical staff? Of course it does. Bust-ups and walk-outs are an honoured part of agency life. These are volatile folk, sometimes highly spoilt. They will be shouting and throwing chairs at one another for as long as advertising survives – which means as long as capitalism survives.

Should advertising agencies go public? That is entirely up to them. Bnt I cannot feel sympathy for those who invest in agencies and then whinge about the roller-coaster ride they often experience. Investors cannot be excused for not knowing that at any moment an agency's most important personnel can vanish – or be thrown – through the door.

In recent times, battered by recession and loss of nerve, advertising has been worrying about its image, which it thinks is undignified. It wants to be taken seriously. Why it should want to be taken seriously mystifies me, for it is a relatively small business of no great importance in which a few thousand talented people enjoy themselves considerably and earn raffishly large sums for running up adverts.

There are few lessons to be learnt from the eruptions at Saatchi & Saatchi – except the very old ones.

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My new-year resolution is standing up well. I have resolved never to use the following words or phrases in speech or print: *cyberspace, datasphere, infobusiness, hypertext, technoshamanism, fractal reality, negative feedback iteration, online, offline, multimedia, wetware* or *designer reality*.

In fact, my resolution extends to all gobbledygook associated with media futurism and the information age. I have even renounced tired old *information superhighway* – not that I have used it, more than twice or thrice, in anything but ironic mode.

For all I know, the impact of new media developments will be equivalent to that of the Italian Renaissance x 500, or x 5,000. We are in for great excitement, though anyone who says he knows what the world will be like in 15 years' time is a liar or a dope.

Meantime, I am shunning media gobbledygook so as not to be a party to the unconscionable hype that marks the present stage of the – ah – digital revolution.

Jargon and futurology tend to distract us from the things that ought to be concerning us, such as job-creation.

Perhaps I missed it, but I do not recollect anyone actually saying that the media revolution will be significantly job-positive.

It is now 60 years since the great E.B. White of The New Yorker penned a short piece, called "Technological Progress", about the loss of a lighthouse-keeper's job. The keeper had been supplanted by a mechanical buoy. The defenders of scientific progress, wrote White, claimed that for every displaced victim of technology, new job openings would arise.

"Maybe this is true. Certainly there are some queer new jobs that one hears about these days.

"There is the engineer, for instance, who carved out a niche for himself in the world by devising an apparatus which copes with the problem of the flies which hover by the thousands over the manure beds on mushroom farms. A large fan sucks the flies across a refrigerating coil, which chills them and drops them, dormant, into large milk cans.

"The lids are then clamped on the milk cans and the flies are shipped to frog-growers, who chill them again and serve them, with a dash of bitters, to frogs. Maybe some ex-lighthouse-keeper can busy himself, in our brave new world, by thinking up something nifty like that."

Sixty years on, niftiness is what we need. I suppose I could always busy myself by typing out paragraphs from E.B. White. With all these media opportunities streaming at us from the future, we are going to need *something* to pump up the datawhotsit.

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# BUSINESS TRAVEL

### London airport success

London City Airport says last year was its most successful since it opened in 1987, writes Michael Skapinker, Aerospace Correspondent. A total of 479,889 passengers flew from the airport in 1994, a 96 per cent increase on the previous year. While some potential customers have steered clear of the airport for fear they might have difficulty travelling to or from it, William Charnock, its managing director, insists it offers benefits to business travellers. He said: "Our message remains the same: 15 minutes from the City, half-an-hour from the west end and only 10 minutes to check in."

● The smoking section on Northwest Airlines' flights from London's Gatwick airport to Boston and Minneapolis will be scrapped on March 1. In 1988, Northwest became the first airline to ban smoking on all North American flights.

● Alitalia, Italy's state airline, yesterday raised fares on domestic routes by 3.5 per cent. The carrier says the value of the lira and higher costs, including fuel, prompted the increase.

### Terrorist alert

Restrictions have been placed on US airlines in the Pacific because of a threat by Muslim extremists to blow up an aircraft in protest at Pope John Paul II's Asian tour, AP reports. US authorities ordered two United Airlines aircraft to land before reaching their Pacific destinations on Saturday, because of fears of bombs. A United flight from Tokyo to Honolulu was ordered back to Japan and another bound from Los Angeles to Hong Kong was told to land in Taipei. No bombs were found. The alert follows a police raid on an apartment in Manila. Bomb-making materials were found and two Arabs arrested.

### New carrier launched

Northern Ireland is to get a new airline with the launch of Air Belfast. The cut-price scheduled carrier said it will start a no-frills service – five flights a day, each way – between London Stansted and Belfast from March 1. "Last year nearly 1.5m people flew between London and Belfast", said Brian Beal, managing director of Air Belfast's parent, Air Bristol. There will be two fares: a fully flexible one-way ticket at £69 and a fixed-booking return for £70.

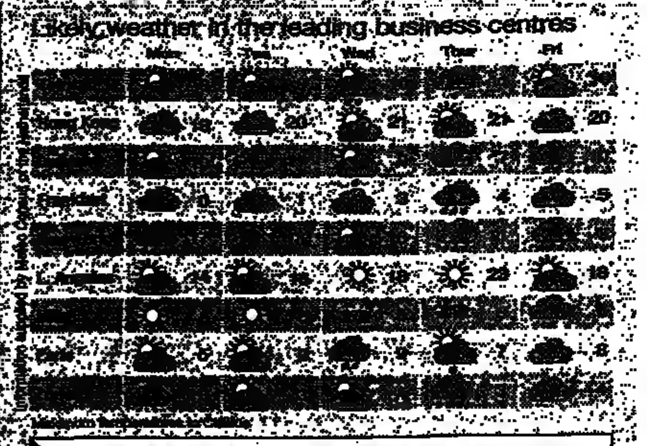
### Computers in the sky

Air Canada is making lap-top computers available for its Executive First passengers on a trial basis. The computers will be available on the early-morning London-Toronto weekday flight and on the 12 daily Toronto-Vancouver services. The three-month trial starts on January 31. Two Digital HiNote Ultra lap-tops will be available for use. Passengers will be able to work, learn a new software program, play computer games or flick through an Air Canada timetable.

### EU air traffic network

Europe's hard-pressed air travellers may have been cheered by news that the European Union's transport commissioner-designate, Neil Kinnock, says he will propose later this year a plan to create a single Europe-wide air traffic control system. Speaking at a European Parliament confirmation hearing for the next commission, the former leader of Britain's Labour party said airport delays in Europe were created by the many competing air traffic control systems. He plans to [illegible] transport systems.

### Likely weather in the leading business centres

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A phone call or trip to a hotel desk could make queueing at the airport unnecessary, says **Emily Juste**

# Check out changes at the check-in

It is not often that airlines produce genuinely valuable benefits for business travellers, but during the past few months they have done exactly that. As part of a return to basics, airlines are switching their efforts from frills in the air to improved services on the ground.

Any frequent flyer knows that the most stressful part of the journey is the time wasted at airports, queueing to check in. Now airlines are offering an array of schemes by which you can avoid lining up to get a boarding pass.

The relaunch last autumn by British Airways of its European business-class brand, Club Europe, heralded the introduction of telephone check-in throughout Europe for customers with hand baggage only. Three hours before departure in the UK and two elsewhere in Europe, it allows passengers with hand luggage to check in before reaching the airport, and go straight to a designated desk at the terminal to collect a boarding card. It will cut down the waiting time significantly.

In turn, SAS, the Scandinavian carrier, believes that telephone check-in will mean passengers having to queue for a maximum of 10 seconds, against at least 10 minutes.

The next favoured option is check-in at a downtown hotel, which frees you of your luggage for the rest of the day if you have meetings and an evening flight.

British Airways' passengers at London Heathrow can check in and leave their baggage at the Excelsior Hotel, near the airport, while passengers flying United and in a car can check their bags – and car – at the Forte Crest hotel, also near Heathrow. The hotel bus will whisk you from there to Terminal 3 for your flight.

If flying from Sofia on Swissair, you can check in at the Vitosha or Sheraton hotels; or KLM from Amsterdam, check in at the Hilton. BA has also installed a counter at the Hertz depot at Heathrow, reducing check-in time to 60 minutes.

Another convenient way of checking in is at an airline ticket office or downtown terminal. KLM offers this in Amsterdam, while Cathay Pacific offers city check-in in central Hong Kong (Pacific Place) if you have hand luggage only. The office is open 8am to 8pm, but you must be there at least three hours before departure. Cathay also offers telephone and fax check-in if you ring the Pacific Place office.

Not surprisingly, a higher number of check-in options are available from an airline's home base. From Amsterdam, KLM's passengers have seven choices, including carpark, gate, telephone, fax or ticket office. Do not expect such classy treatment in every city in KLM's network.

Some airlines offer check-in at rail stations. Swissair does so at 24 stations in Switzerland; KLM in The Hague; BA at London's Victoria station for its Gatwick passengers; and Alitalia in Florence.

Some airlines do not offer any alternative to those dreaded check-in counter queues. Virgin Atlantic is one, but if you have paid to sit in its generous business-class (Upper Class) seats, you can at least take advantage of the Fast Track special lanes through Heathrow and Gatwick, which mean you do not have to queue at the security and passport desks. (Some other airlines also offer the Fast Track service.)

Qantas is another airline that has been tardy in this respect, but if you join its frequent-flyer programme it will offer queue-jumping in the form of priority check-in.

Those airlines that *do* offer alternatives – including Air France, Alitalia, Austrian Airlines, BA, British Midland, Cathay, Lufthansa, KLM, Transavia and SAS – have done little to promote them effectively, so you need to talk to them individually to find out where you stand.

# Wave of seismic activity in Japan

Because of a flurry of seismic activity, earthquakes have become a big topic of conversation in Japan. Although they have suffered little disruption, commuters are chatting about 'quakes the way they normally discuss the weather or a big sumo match. But the 'quakes do not appear to be rattling the Japanese, who have become used to a good rumble now and then.

Residents of Tokyo and nearby cities were jolted last Tuesday by yet another earthquake, the 10th felt in the capital this year. In an average year, Tokyo can expect to be hit by about 30-40 'quakes strong enough to be felt by its inhabitants, seismologists say.

**Visitors to Tokyo may find earthquakes a common topic of conversation**

"It has been an unusual start," agrees Hiromu Yoshida of the Central Meteorological Agency's seismology division, the country's premier 'quake-watcher.

The latest activity started with a big jolt on December 28 in northern Japan that flattened buildings, killed two people and injured more than 200. In recent days, other 'quakes have been felt off the northern island of Hokkaido; near several small islands east of Tokyo; and in western Honshu, Japan's main island.

Last Tuesday's pre-dawn earthquake was powerful enough to sway large buildings in Tokyo, but no damage or injuries were reported. It was centred under the ocean, which helped muffle its strength. Officials expect after-shocks from the December 'quake to continue for another month or so.

Yoshida said the agency did not necessarily believe that recent activity meant that a larger 'quake – or even The Big One – was imminent. "It is mainly a coincidence."

But seismology is a notoriously inexact science and experts have warned that, based on historical cycles, a disastrous 'quake could strike Tokyo or the central Japanese coast at any time.

Some 140,000 people died when Tokyo was devasted by a 'quake in 1923. According to the city's government, a similar 'quake today would kill at least 10,000 – a figure many experts regard as optimistic.

The Japanese islands straddle four tectonic plates: slabs on the earth's crust that push and pull on each other, creating pressure that often explodes into 'quakes or volcanic eruptions.

One leading seismologist, Katsuhiko Ishibashi of the International Institute of Seismology and Earthquake Engineering, has advocated moving more government and economic departments out of Tokyo, to more solid ground.

That way, he says, a massive 'quake would not leave Japan – and the world's financial markets – paralysed. "It won't help to have everyone panic," he said. "But we really must think about how to lessen the effect an earthquake might have."

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MEDIA FUTURES

# A free-spirit among UK film makers

**Alice Rawsthorn** describes the career of **Stephen Woolley,** co-producer of Interview With The Vampire

Stephen Woolley is not exactly self-effacing. "Look at this," he says waving a copy of *Screen* magazine's league table of the most influential people in the British film industry. "Here we are at No 2. Heh! Second most important!"

He says this with such an impish grin that he does not sound at all pompous. Besides, Woolley, 37, has had a hard climb to the top. Two years ago he was mopping up the mess after Palace Pictures, his production company, collapsed. He is now back in business as co-producer of *Interview With The Vampire*, which has grossed over $100m in the US and throws its premiere party in London tomorrow.

*Vamp'*, as *Variety*, the US film magazine, calls it, has all the ingredients of a Hollywood blockbuster, including a $50m budget and the star billing of Tom Cruise and Brad Pitt. It also has a dash of European art house decadence in the homo-eroticism of Cruise and Pitt's relationship, and their habit of guzzling rat blood when the human variety is in short supply.

"It's tastefully done, not like this," says Woolley, with an impromptu demonstration of how viciously Cruise might have bitten off a rat's head. "But there are things in that film that have never come out of Hollywood before. It's a big American movie with a European aesthetic. *Interview With The Vampire* is as good as it gets."

He and Jordan can now take their pick of offers from Hollywood. But Woolley does not plan to decamp to Los Angeles, unlike the old school of European producers who struck lucky in the US. He and Nik Powell, his old Palace partner, have just sold a minority stake in Scala, their new London production company, to the Chrysalis entertainment group. Woolley plans to divide his time between producing major US movies for Jordan and smaller Scala projects in the UK.

"It is unusual for European producers to make it in the States and even more unusual for them to stay in Europe afterwards," says Oscar Moore, editor-in-chief of *Screen*. "But Woolley has always been a maverick. The British film industry is very dynastic. They're all sons of sons of sons. He's seen as an outsider. But Steve Woolley has got exactly what the industry needs – raw talent and fresh ideas."

Stephen Woolley: a raw talent with fresh ideas. He began in the film business by tearing up tickets as a 17-year-old usher at the Screen On The Green, north London

There is nothing dynastic about Woolley, who has a wispy ponytail and grungy uniform of battered jeans, battered boots and an about-to-be-battered cardigan. He sits behind a cluttered desk in Scala's open-plan office above a Soho vintage comic shop with a stuffed wolf (a relic of *Company Of Wolves*, his first Palace production) guarding the door.

He began in the film business by tearing up tickets as a 17-year-old usher at the Screen On The Green, his local cinema in north London. "I'd spent most of my childhood in cinemas. It was a cheap way of keeping me off the streets. My parents were being rehoused by the council to Hendon. I moved into a squat with my girlfriend and left school to work at the cinema."

By 1980 Woolley was running the Scala, an art cinema then owned by Richard Branson's Virgin Group. Woolley turned it into the hippest place on the London film scene by showing trash movies and vintage TV series alongside esoteric art films. "Art cinemas were so reverential in those days. I remember laughing at a joke in Buñuels's *The Milky Way* at the National Film Theatre. The people behind went 'Shush.' I thought: 'Hang on, I'm not saying you should laugh through Andrei Tarkovsky, but this isn't how it should be'."

Virgin sold the original Scala in 1982 and Woolley emerged with the name, the projection equipment and £9,000 compensation which he used to convert what was left of the Rex, one of his boyhood fleapits, into the new Scala. He also found a partner in Nik Powell, who had broken away from Virgin and teamed up with Woolley to form Palace, a video business. Palace snapped up video rights to the sort of films Woolley was showing at the Scala – John Waters' trash movies and early Fassbinders. It diversified into distribution and then production when Woolley made *Company Of Wolves*, Neil Jordan's adaptation of an Angela Carter short story, in 1984.

Woolley produced 12 of the 18 films that Palace made over the next nine years. Some were hits, such as *Mona Lisa*. Others flopped, like *Absolute Beginners*. "As a producer I'm involved with everything," he says. "I make the pitch. I'm there all through filming and I always watch the dailies. I couldn't work with a director like Mike Leigh. I love his work. But he knows exactly what he wants. I'd be no use to him."

His hero is Albert Zugsmith, the US producer who made Orson Welles's *Touch of Evil* and Douglas Sirk's *Written On The Wind* in the 1950s. "I couldn't work out how he'd made both those films. Then I realised they were the most subversive films Welles and Sirk ever made. He took these aesthetic people and introduced them to trash. I love the idea of that."

Palace's collapse was a classic case of an over-stretched company (it owned record labels and shops as well as films) which could not cope when recession struck. Woolley struggled to finish its final film, Neil Jordan's *The Crying Game*, by paying the bills with his Visa card. The film was nominated for six Oscars, won one for best original screenplay and grossed $65m in the US.

Jordan was inundated with offers, including one from David Geffen, the billionaire music mogul who produces films for Warner Brothers. For years Geffen had been trying to make a movie version of *Interview With The Vampire*, the first of four novels by Anne Rice. Jordan agreed to direct it, with Woolley and Geffen co-producing.

Woolley's first foray into Hollywood came in 1988 when he and Jordan made *High Spirits* for Columbia. The film flopped. "The original idea was fine," says Woolley. "But we got so ground down by the studio that we lost interest. We didn't fight for it as hard as we should."

*Vampire* was different. "We had David Geffen and Tom Cruise on our side. If they were happy, Warner was happy. It was great. No problems at all. Working with David (Geffen) was incredible. I'd call him at the end of each day." Woolley picks up his phone. "'David, we've got a problem. We had 20 extras too many today.' He'd say: 'Hold for a moment. Bill Clinton's come on the other line.' Then he'd be back. 'What was that about the extras?' I'd sit there thinking: 'I just don't believe this'."

*Vampire* has been a roaring success, aided and abetted by Anne Rice who, famously, took an advertisement in *Variety* protesting against the choice of Tom Cruise as the lead. Later she placed another praising his performance. Geffen, a notoriously astute publicist, was accused of orchestrating it. "Absolutely not," says Woolley. "The idea of anyone trying to manipulate Anne Rice is crazy. She's egomaniac with new books to promote."

However, Geffen was not slow to make the most of Rice's intervention. She paid $3,450 for her retraction in *Variety* and Warner spent $101,604 reprinting it in The New York Times. *Vampire* is one of only two films that came out last autumn to have made over $100m in the US. The other is Walt Disney's *The Santa Clause*.

Woolley now hopes to make one of Jordan's cherished projects, a film about Michael Collins, the legendary Irish terrorist. "But it's very difficult material. And it doesn't have a happy ending." There is also a possibility of a *Vampire* sequel, though "only if Neil comes up with a script he's happy with."

In the meantime there are small Scala projects in the pipeline: *The Neon Bible* directed by Terence Davies and *Jonathan Wild*, a co-production with Jodie Foster. Woolley is mulling over a film about Brian Jones, the beautiful but damned Rolling Stones guitarist, and another on Kurt Cobain, the cult rock star who overdosed last year.

One option that does *not* tempt him is directing. "As a producer I work on two or three projects at once. A director makes one film every 18 months. Besides, I've yet to see anything I thought I could direct better than anyone else."

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ARCHITECTURE

# The modern minimalist

**Colin Amery** assesses the achievements of **David Chipperfield**

Early in the new year is the time new stars appear, and there is a possibility we may see one in the architectural firmament at any moment. Whoever wins the Tate Gallery competition for the conversion of London's Bankside power station into a gallery of modern art will probably acquire legitimate star status.

The only British architect on the list is David Chipperfield, who may be the man to watch. His own practice is celebrating its 10th anniversary, but before its establishment in 1985 Chipperfield had followed a resolutely conventional modernist career.

He was trained at the Architectural Association in London and then worked for Richard Rogers and Norman Foster: an impeccable pedigree. With the architectural impresario Richard (known as Ricky) Burdett, he founded the 9H Gallery in part of his office in London. In a modest way this little gallery became a display case for an international brand of careful minimalism, not uninfluenced by contemporary Japanese architecture.

What is significant about the current small band of good younger architects in Britain is that they are fully cognisant of the significance of the jet engine. They are international in thought and practice. One place that is key in the development of current architectural thinking is Harvard University, and Chipperfield has been a visiting professor there. But he has been wise enough also to teach at the powerful polytechnic in Lausanne, putting European humanism productively alongside American imperialism.

In Britain the Chipperfield practice began with several [illegible] but influential commissions. Inevitably, some of these were on the cusp of high fashion and may consequently date [illegible]. But in London it is worth looking again at the [illegible] Sloane Street for the [illegible] fashion designer [illegible] and, close by, the [illegible] shop.

[illegible] show the refinement of [illegible] palette. There is [illegible] of emptiness and [illegible] qualities that have [illegible] negative and positive sides to them. Deconstruction would be the wrong word for his approach, which seems to isolate elements and materials but then reassemble them in a constructive way which is harmonious.

David Chipperfield's runner's-up design for the Neues Museum, Berlin

Deconstructivist architects, like the erstwhile winner of the Cardiff opera house competition, Zaha Hadid, believe in the *reductio ad absurdum* approach. This may have a place as an intellectual game but it turns buildings into jokes – and rather long-lasting ones.

Chipperfield is much more serious than some of his trendy colleagues, and this will be apparent in his response to the Tate Gallery competition. As his practice has grown he has opened an office in Tokyo which has completed some important constructions. There is a private museum in Tokyo, a showroom in Kyoto and a significant headquarters building for Matsumoto in Okayama. Last autumn a substantial leisure complex also started on site.

What is the significance today of the influence of Japanese design on Britain's younger architects? It is that strange synthesis of oriental minimalism and the modern movement. I believe that the roots of this synthesis lie not just in the pared-down simplicity of traditional Japanese construction, but is something that starts on the drawing board.

Japanese graphic art and print-making are concerned with purity of line – the significance of the most simple linear gesture. Take this approach and apply it to the first principles of architecture and you are on the path of controlled refinement.

There is something static about Japanese culture that needed the injection of western ideas. No one can doubt the skill with which technology has developed in Japan, along with the miniaturisation of mechanical processes. In a crowded country this reduction of scale affected architecture and life styles in Japanese cities.

The development of the well equipped and perfectly functioning pod for living in, and the retention of the idea of the small internal courtyard for the controlled admission of nature, has brought a balanced environment to an overcrowded world. In the most refined Japanese designs, nature and technology are controlled together. This can be seen in temples and houses, and developed to its utmost in the bare simplicity of a traditional Japanese garden.

Much of this world has been absorbed by Chipperfield and utilised in a number of recent projects. Some in Britain that are currently on the drawing board are the National Rowing Museum at Henley-on-Thames; studios for the Northern Ballet in Halifax; and the adaptation of a Christian Science Church in London into new flats and a smaller church.

The National Rowing Museum design shows a pair of long boat sheds floating above a glass ground floor. The pitched roof form is similar to the shape of a traditional boat hall but is also reminiscent of the temporary tent village that sprouts at Henley during the summer season. Black-stained timber and glass are the basic materials.

For the Tate competition at Bankside, Chipperfield has been working with another British architect, Julian Harrap. He has also teamed up with him on another important museum conversion in Leipzig. Harrap is best known for his skilled conversion of historic buildings, of which he has a rare understanding.

It will be fascinating to observe the combined efforts of these two, and it is an example of Chipperfield's open-mindedness that he is prepared to use his design skills alongside someone with entirely different expertise. Whatever the outcome of the Bankside competition, Chipperfield has a serious future ahead. Of the six international names working on the Tate project, he is as promising, in an international context, as any.


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PEOPLE

# Bean-counter with a score of pluses and minuses

**Charlie Scott**, the non-confrontational 'nice bloke' who is Saatchi's temporary chairman, must second-guess events in the publicly unfolding saga. **Diane Summers** reports

Two flashy figures stand out in the Saatchi & Saatchi drama being played out publicly in gory detail: Maurice Saatchi, the group's deposed chairman, and his youthful opponent, David Herro, the Chicago fund manager who led the shareholder revolt against him.

But at Saatchi's corporate headquarters in London, the man who has to clean up the mess – and, some would argue, take responsibility for at least part of the damage that has been inflicted on the group – is almost completely unknown and the very antithesis of flashy.

When he does merit a mention, Charlie Scott, chief executive and – until a replacement for Maurice Saatchi can be found – temporary chairman of the group, is always referred to as the "bean-counter" in the set-up. He may be heartily sick of the epithet but it fits him perfectly.

Scott'a background is accountancy, followed by more accountancy. He is a large, 45-year-old bespectacled man with a reputation for meticulous hard work, straight dealing and a self-effacing back-room manner. The heads of other agencies, City analysts, and those who work closely with him, all start their descriptions of him with virtually the same words: "He'a a decent, nice sort of bloke."

The question is: what'a a nice bloke like Scott doing in a place like Saatchi & Saatchi, particularly at a time like this?

Scott started out with no particular interest in advertising – and who could blame him if he ends up with a distinct aversion to it? He was brought into the businese as chief financial officer in 1990 by the former Saatchi chief executive, Robert Louis-Dreyfus.

Louis-Dreyfus and Scott forged their relationship at IMS International, a the US market research company which was eventually sold to Dun and Bradstreet. Louis-Dreyfus was president and chief executive, while Scott was controller and then chief financial officer.

The pair laboured away, refinancing Saatchi and saving it from imminent collapse after the business excesses of the 1980s. That period, described hy Scott as the worst of his life, makes even the latest crisis, according to an associate, look like a piece of cake.

Says Thomas Russell, a Saatchi director who has known Scott since his IMS days when Russell was president of the company: "Saatchi was literally 90 days from going belly-up. Over the two years that Robert Louis-Dreyfus and Charlie laboured to reconstitute the company, they worked inhuman hours.

"Dreyfus left and Charlie moved up [in 1993] to ceo. Through his personal credibility with the City, he was able to institute a rights offering. When the company became flush again, the brothers wanted their toy back, and then the trouble started."

The trouble that Russell refers to surfaced in public about a year ago when "close observers" were reported as saying that Scott'a competence was being questioned and that he could lose his job. Behind the scenes, there were fundamental disagreements about strategy between Maurice Saatchi and Scott, and the shareholder revolt was shaping up.

During this period Scott did not come out fighting, much to the frustration of some of his colleagues. Says one: "He's totally non-confrontational, to the point that you *will* him at times to get angry. He's sometimes perceived – I think mistakenly – as wet.

"This is a fiercely competitive industry and you can't afford to be half-hearted. If you're going to attack, you've got to go for the kill. Everyone's been telling him for a year that Maurice is resourceful beyond belief. We said: 'He will go for your jugular, Charlie, and he will destroy the company. You must go on to the front foot'. Charlie actually believes people will behave decently and rationally."

Scott appears taken aback hy the swiftness and magnitude of events of the past few days, as staff and clients have haemorrhaged from the Saatchi & Saatchi advertising agency subsidiary in Britain. He distances himself from the coup, saying: "I did not support dismissing Maurice as chairman. What has happened is exactly what I feared." He stresses that he is on record in a memo to non-executive directors as having opposed the move.

This is certainly true, but it is also the case that, as was pointed out at the time, the memo should not have been taken to mean that Scott was "standing shoulder to shoulder" with Maurice Saatchi. Industry observers question whether he grilled advisers sufficiently before the coup, when it was decided not to await an extraordinary general meeting of shareholders. Others feel that Scott should have been able to second-guess Maurice Saatchi and had contingencies in place more swiftly.

In line with his bean-counter image, Scott is fond, as he speaks, of sorting arguments into "plus" and "minus" columns. Applying the exercise to his own qualities, the consensus among those who know and have dealings with him is that the positives add up as follows: Scott has been a highly competent finance director; he is diligent, thorough and frank to a fault; once he has been persuaded of a course of action, he is extraordinarily single-minded.

Among the negatives, he is seen as lacking insight into the core advertising business, and has failed to cultivate some of Saatchi's most important clients – a fact which helps explain some of the group's vulnerability since Maurice Saatchi resigned. In addition, some colleagues find him ponderous in his decision-making. He does not find leadership easy and is not a fluent presenter – a distinct drawback in a business where confidence and the ability to sell can be everything.

Scott now says the search is on for a new chairman to complement his own strengths and weaknesses. As he looks down the columns of pluses and minuses, he will surely come to the conclusion that one who would fit the bill would be someone just like . . . Maurice Saatchi. As one colleague sadly notes: "You could have said they were the proverbial dream ticket. It's a tragedy it didn't work out."

NAMES IN THE NEWS

## David Clark to create German bank in London

As the big German banks beat a path to the City of London to run their international investment banking operations from there, David Clark, European treasurer and director of HSBC Markets, is jumping at the chance to move up tha road to help create "a modern German investment bank", writes Katharine Campbell.

He is to become the joint head of the London office of Bankgesellschaft Berlin, a merger between three banks from the public and private sectors that is now entering its second year of business as Germany's sixth largest bank, ranked by capital. As is traditional German practice, he will have a co-head, who has not yet been selected.

Clark spent 14 years at Commerzbank in Frankfurt and London before joining Midland in 1990 and became a firm believer in the merits of the German banking system. He had a convenient personal introduction to the new bank in the form of Hans Leukers, the board member responsible for investment banking, whom he had got to know when the German ran WestLB's London office.

"German banks may have given the impression of being sleeping giants over the years, but I believe they are very good at building things strategically," Clark enthuses.

As for the challenges of starting more or less from scratch in a business to which German financial institutions have been very much the late-comers, he acknowledges that "we can't come in one Monday morning and do dollar bond new issues, or advise on privatisations". But he does reckon that the bank can use its sturdy capital base to develop a strong franchise in areas such as asset trading and derivatives. He adds that he will be recruiting "in an environment where the ball has bounced our way".

Before HSBC acquired Midland, Clark had been managing director of treasury and capital markets at Midland Montagu, and group treasurer for Midland Bank. For HSBC, his role had been to draw together the new entity'a European strategy on the treasury side.

## Absolute success

Curt Nycander (below), who led the team that turned Absolut Vodka from a tipple unknown outside Sweden 17 years ago to one of the world's top 10 distilled drinks brands, is retiring on February 1, writes Roderick Oram.

For all the satisfaction he's derived from the "extraordinarily stimulating and demanding task", he says he is "glad to keep the promise I made to myself to leave at 60". He quits as executive vice president of Vin & Spirit, the Swedish state-owned drinks group, but is being retained as a consultant by Seagram.

He hands on Absolut to Göran Lundquist who takes up a newly created role of director of international brands for V&S. Now that Sweden is joining the EU, V&S has had to give up its monopoly of the domestic wine and spirits market. It has been broken into two independent business units, international brands and a domestic unit.

Lundquist, 53, joins from Allders, the British-owned duty-free retailer, where he was director of business development. Previous jobs have included managing director of Unilever's Lipton Tea in Sweden and managing director of SAS Trading.

Nycander was a management consultant 17 years ago when V&S hired him to make Absolut an

international brand. Creating an image for Absolut was a painstaking aesthetic process worthy of a man who was an engineer by training but a jewellery maker by youthful avocation.

Various concepts from Erik the Red and the Swedish royal family to hard-drinking Swedish railway builders were discarded along the way. In the end the image came down to the "absolute" purity of the drink, a term first used for it in 1879 by Lars Olsson Smith, "The King of Vodka" who had begun distilling it version 10 years before on an island off Stockholm.

## Cao: dissident's latest campaign

A former prominent political activist has become the architect of a new draft bankruptcy law in China which is intended to accelerate defaults of debt-ridden state enterprises.

Cao Siyuan, who runs his own bankruptcy consultancy in Beijing, has long been struggling to gain official acceptance of the need to tighten up existing eight-year-old bankruptcy provisions and make them compatible with international standards.

Blaming the financial drain from thousands of state enterprises for contributing heavily to China's soaring inflation, Cao stresses the importance of facilitating the bankruptcy of defunct state enterprises – and then providing assistance to workers in finding new jobs.

The proposed law was cleared by the leadership of the National People's Congress, China's nominal parliament, in late December and is expected to be considered by the full legislature in March.

During the 1980s, the former government economist was a well-known political dissident; he campaigned for revision of China's constitution and to make parliament open and publicly accountable. His calls for change cost him his job in 1988 and, a year later, landed him in jail after the crackdown on the Tiananmen Square demonstrations. His two books on bankruptcy law were withdrawn.

Cao has predicted that the proposed new legislation "will help quicken reform of some of the enterprises and infuse in them a sense of life and death. It will make them start to worry about their lives."


FINANCIAL TIMES

# FT EXPORTER

**FT EXPORTER:** ***Winter Issue - January 31st***

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ANY CREDITOR or shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of share premium account should appear at the time of the hearing in person or by Counsel for that purpose. A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same. Dated this 16th day of January 1995.

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## ARTS

# OPENINGS

**HOUSTON**
There are two operatic world premieres in the US this week. On Saturday, Houston Grand Opera stages Harvey Milk by Stewart Wallace (below) and Michael Korie (left), based on the life and murder of San Francisco's first openly gay elected official. The previous evening, Virginia Opera gives the first performance of Simon Bolivar by Scottish-born composer Thea Musgrave.

**LONDON**
On Sunday afternoon Pierre Boulez embarks upon his 70th birthday celebrations with the London Symphony Orchestra at the Barbican Hall. The first three concert programmes encapsulate all that is central to his 20th-century musical enthusiasms. Alongside examples of Boulez's own music will be Jessye Norman in Berg Lieder and Bartok's two piano concertos, played by Barenboim and Pollini. After London the Boulez birthday party moves on to Paris, Vienna, New York and Tokyo.

After a career touring the opera-houses of the world Jonathan Miller returns home on Wednesday for his debut production at the Royal Opera House. Miller has both produced and designed Mozart's Cosi fan tutte for an Anglo-Saxon cast that includes Amanda Roocroft, Thomas Allen (right) and Ann Murray (far right), Bruce Ford and Simon Keenlyside.

**NEW YORK**
The Metropolitan Opera has assembled a strong line-up for its new production of Verdi's Simon Boccanegra, opening on Thursday. Vladimir Chernov sings the title role, and Kiri te Kanawa has stepped in at short notice to replace Cheryl Studer as Amelia. James Levine conducts a staging by Giancarlo del Monaco, with designs by Michael Scott.

**SAN FRANCISCO**
The spectacular new headquarters of the San Francisco Museum of Modern Art will be inaugurated on Wednesday. The $60m project, designed by Swiss architect Mario Botta, is the largest US building devoted to contemporary and modern art outside New York. The imposing facade features a series of stepped spaces dominated by a cylindrical skylight. The opening display includes recent gifts of works by Matisse, de Kooning, Marden, Polke and Richter.

**LIVERPOOL**
The first UK retrospective of Sigmar Polke, one of Germany's major postwar artists, opens at Liverpool's Tate Gallery on Saturday. It brings together more than 60 paintings, from the 1960s to tha present. Polke was one of the originators of "capitalist-realist" art, examining and criticising postwar German society by incorporating photographs and objects from daily life.

# A maverick music-maker

**BIS has made its name by specialising in repertoire which major record companies will not touch. Andrew Clark talks to the man behind the enterprise, Robert von Bahr**

A new version of Mahler's Eighth Symphony could have produced a tidy profit for Robert von Bahr, founder and owner of Swedish record company BIS. Instead, von Bahr decided to record it in aid of the Estonia ferry disaster appeal, and rush-released it for Christmas.

The artists - the Gothenburg Symphony and Opera Orchestras and various choirs, conducted by Neeme Järvi - donated their services, as did BIS staff. Von Bahr persuaded Sweden's national newspapers to give a half-page of advertising. There was free television publicity, and the Swedish post office made no charge for parcel deliveries.

The whole episode was typical of von Bahr. A maverick in the international recording world, he says he tries to run BIS on a moral rather than a business basis. "We have never drawn up a budget for a record before it's made. The main question is 'Is it interesting?'. And it works, we do well. I'm the accountant, I'm aware of the problems, but I don't let them interfere."

BIS - named after the repeat sign in music - has made its name by specialising in repertoire which major record companies will not touch: little-known Scandinavian works, complete editions of Sibelius and Schnittke, and previously unrecorded music by composers as diverse as Gordon Jacob, Sofia Gubaidulina and Olivier Messiaen. The BIS catalogue runs to 700 titles - but few of them could be described as popular, and there are no Beethoven symphonies.

That is how von Bahr and his customers seem to like it. Last year BIS sold nearly half a million compact discs, 87 per cent outside Sweden. Turnover is around SKr17m (£1.5m). "The profit motive is there insofar as we must break even," says von Bahr. "A big-selling record means we can invest in something we wouldn't normally have funds for - such as a symphonic work by an unknown composer. As long as my family and employees can eat and live decently, that's all I ask from life."

Von Bahr, 51, founded BIS in 1973. He wanted to make a record featuring his first wife, the flautist Gunnila von Bahr. Only one company was interested - on condition that he pay for the production costs and buy the first 500 copies. Von Bahr agreed. Ha quickly sold the 500 copies, and decided to form his own record company. His international breakthrough came when the Swedish soprano Birgit Nilsson agreed to record a Lieder recital.

At first, von Bahr used an old pram to distribute records to Stockholm shops. Studio work was a matter of scissors and splicing tape. Today, BIS production and distribution may be more sophisticated, but von Bahr still answers the phone and supervises recordings. His wife, Marianne, does the packing for export, and there are four other employees. Unlike his rivals, von Bahr leaves advertising to his distributors. "The records are good, they speak for themselves," be says. "If people can't understand that - too bad."

With limited overheads, BIS needs to sell only 4,000 copies to break even on most releases; where orchestral repertoire is still in copyright, the figure is more like 10,000. From the start, von Bahr's operating principle was that no BIS recording should ever be deleted from the catalogue. "Robert has old-fashioned ideas about a lot of things," says one BIS business associate in the UK. "But where other people only see difficulties, he sees opportunities. He's very dynamic, with strong likes and dislikes, and that sometimes makes him enemies."

Enemy number one is the music publishing industry. Von Bahr vilifies publishers who will not reduce their fees to encourage recordings of neglected or contemporary works. "It's short-sighted, because they would earn so much more from their share of broadcasts and record sales. They want the music to be heard, and so do I. So I say 'Let's make a deal'. We're talking up to £2,500 here just to get hold of the musical material, plus a percentage copyright payment on top of that. No wonder so many labels stick to mainstream classics."

A few - notably Sikorski, the German publisher of Schnittke's music - have cooperated. Others are sceptical of von Bahr's tactics. London-based Boosey and Hawkes, for example, refused to reduce its fees for hiring out Britten's music. BIS promptly abandoned its projected Britten cycle. "I don't see why BIS should be treated any differently," says Tony Pool, Boosey's director of business affairs. "It all depends what Robert von Bahr means by 'rarely-performed' and 'reasonable reduction'. We have a great deal of respect for what he does, but we're not prepared to give away our important works for nothing."

Von Bahr's other bugbear is the artist who defects to a bigger company after establishing a reputation through BIS. He does not believe in exclusive contracts, and most of his regular soloists have remained loyal. But when the Gothenburg Symphony Orchestra was snapped up by Deutsche Grammophon four years ago after a long association with BIS, von Bahr was hurt. He concedes that "it's a free market, and you have to give the devil his due - DG sell more records than I can. They may not make *better* records, but it's a big prestigious label. It has helped the orchestra to become better known."

The Gothenburg orchestra recently agreed to resume working with BIS - a move widely regarded as a compliment to von Bahr and the high standards of his production team. But he is not much interested in kudos within the music industry. "What makes me really proud is when an unknown composer or artist has been recorded by BIS: many collectors will give it a try, simply because they trust our reputation. That's the biggest compliment you can get."

**Robert von Bahr: he used an old pram to deliver his first discs and his wife still does the packing for export**

Barbican/**David Murray**

# Hearing Hindemith again

Commenting a couple of years ago on the vogue for mini-festivals that celebrate this or that composer (or try to resuscitate him), I warned readers that at the rate they were coming we might soon have to face up to a festive Hindemith revival. This weekend, that came true. The BBC mounted an intensive display of him at the Barbican, crowning his status as Radio 3's Composer of the Week. And more is on the cards: Nobuko Imai's spring conspectus of his music for viola (Hindemith's own instrument), and next autumn *Mathis der Maler* at the Royal Opera, and - who knows? - one or two famous pianists may at last remember the Third Sonata, or even *Ludus Tonalis*.

The trouble with Paul Hindemith is that he was the most recent musical monument to sink. He died in 1963, at 68, and (as Calum MacDonald's excellent programme-book reminded us) until about then every standard survey of our century's music placed him among the definitive masters. Nobody would say that now, nor deny it either: the question just doesn't arise. The monument has not been toppled or debunked, but discreetly removed to the cellar, and we are not sure what to do with it. It no longer fits anywhere.

The inspired stroke of the BBC/Barbican mini-festival was to concentrate on the pre-monumental Hindemith - the jaunty, earthy, "radical" young composer who was an omnicompetent musician too, not the conservative polemicist and grandiose *routinier* of the late 1930s and after. The Nazis nearly broke him before he fled at last to America, as they did many another composer of what they branded as *entartete Musik*, "degenerate music".

Hindemith's position, however, was peculiarly distressful. Not only was he already far better established than any of the other blacklisted musicians, but he found himself sharing the blacklist with some trivially incompetent composers, and other, better ones - Schoenberg and his disciples - whom he thought fundamentally misguided.

We still await a proper diagnosis of what really happened to Hindemith between 1933 and, say, 1941. (It was in 1941 that be published a new version of his revered 1923 song-cycla *Das Marienleben*, which Glenn Gould thought "the greatest song-cycle ever written", brutally re-composed to make it answer to his latest tenets.) Wisely, the BBC set such problems aside in favour of the younger Hindemith, untrammelled by theory; and some of the best of him is in his "trilogy" of outrageous one-act operas, which we got on consecutive nights.

On Friday we had *Das Nusch-Nuschi*, a bawdy little "play for Burmese marionettes" composed in 1920 in the neo-classical manner that Hindemith always loved. The tone is cheerful, the action pretty broad, the score concise and charming. The four unfaithful Queens were nicely contrasted by Priti Coles, Paula O'Sullivan, Elizabeth McCormack and Susannah Glanville; the Prince who takes them all to bed, one after another, is a spoken role, and the testicle-devouring Nusch-Nuschi monster is silent, but the rest of the numerous cast sang up strongly.

As the go-between, Barry Banks had to compete hard against Hindemith's exuberant orchestra: Rosemary Hardy and Louise Winter had an easier time as the mellifluous Bayaderes. In the same concert, Andrew Davis conducted the BBC Symphony in the 1930 *Konzertmusik* for piano, harps and brass, a clean, original score to which the pianist Peter Donohoe lent terrific panache; and before that a racketty Toccata for player piano, manned with assurance by Rex Lawson.

On Saturday afternoon, the chief attraction amid a pleasant concert of mixed chamber music should have been the two long portions of *Das Marienleben*, but the chosen soprano evidently lacked any grasp of German - a hopeless disadvantage in a cycle on Rilke texts. Much more fun was an Alpine silent film earlier, *Im Kampf mit dem Berge*, with quaintly pedagogical subtitles and a lusty, eclectic score by Hindemith which the London Sinfonietta delivered impeccably for Helmut Imig. Another odd rediscovery began the evening concert, a "well-tempered" Ragtime (after Bach) for large orchestra, premiered only in 1987.

In that programme Yan Pascal Tortelier conducted the BBC Philharmonic with febrile verve. Too much for the serene *Nobilissima Visione* suite, perhaps; but almost enough - with a towering soloist in Mischa Maisky - to save the 1940 Cello Concerto, which is just the kind of Hindemith one never wanted a festival of, orotund and humourless. Fortunately, the climax of the concert came with the blasphemous 1921 opera *Sancta Susanna*, which swept the suite and the concerto straight out of mind.

The Vatican was complaining about *Sancta Susanna* as recently as 1977, which would have delighted Hindemith (the younger one, at least). The action is simple and shocking: before a statue of the crucified Christ, a young nun prays herself into an erotic frenzy, at the peak of which she tears the loin-cloth from the sacred figure - and is duly immured by her appalled sisters. The score is a brilliant piece of Expressionism, vivid and lurid, hardly recognisable as Hindemith, and it works superbly.

# INTERNATIONAL ARTS GUIDE

## ■ AMSTERDAM

**CONCERTS**
**Het Concertgebouw** Tel: (020) 671 8345
● Royal Concertgebouw Orchestra: conducted by Valerie Gergiev plays Ustwolskaja and Shostakovich at 8.15 pm; Jan 18, 19
**OPERA/BALLET**
**Het Muziektheater** Tel: (020) 551 8922
● L'Italiana in Algeri: by Rossini. Produced by Dario Fo, conducted Alberto Zedda at 8 pm; Jan 17, 19, 22

## ■ BERLIN

**OPERA/BALLET**
**Deutsche Oper** Tel: (030) 341 9249
● Ballet Evening: conducted by Sebastian Lang-Lessing. Nacho Duato, Glen Tetley and Harris Pradatounis choreograph works by Debussy, Poulenc and Stravinsky at 8 pm; Jan 17, 19
● Madama Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani at 7 pm; Jan 18, 21 (5 pm)
● Oedipus: by Rihm, conducted by Peter Keuschnig, produced by Götz Friedrich at 7 pm; Jan 22
**Staatsoper Unter den Linden** Tel: (030) 2 00 4762
● Die Zauberflöte: by Mozart. Conductor Daniel Barenboim, production by August Everding at 7 pm; Jan 22

## ■ BRUSSELS

**CONCERTS**
**Philharmonique da Bruxelles** Tel: (02) 507 84 34
● Balgian National Orchestra: with violinist Phillipe Hirshhorn and conductor Victor Liberman plays Elgar, Mendelssohn and Bartók at 8 pm; Jan 17
● Champs-Elysées Orchestra: with cellist Christophe Coin and conductor Phillipe Herreweghe plays Schumann at 8 pm; Jan 23

## ■ LONDON

**CONCERTS**
**Barbican** Tel: (071) 638 8891
● Briggite Fassbaender: the mezzo-soprano with tha Academy of London conducted by Richard Stamp plays Beethoven and Mahler at 7.30 pm; Jan 16
● Fauré: Requiem: City of London Sinfonia conducted by Harry Christophers plays Fauré and Mozart at 7.30 pm; Jan 20
● Pierra Boulez: conducts tha London Symphony Orchestra to play Stravinsky, Webern, Bartòk and Boulez's own, 'Notations I-IV' at 7.30 pm; Jan 22 (3 pm)
● Popular Classics: with tha London Concert Orchestra conducted by David Amold. Highlights include Ravel's 'Bolero' and Strauss' 'Blua Danube Waltz' at 8 pm; Jan 21
**Queen Elizabeth Hall** Tel: (071) 928 8800
● Cantabile: four man vocal harmony group performs songs of love and war at 7.45 pm; Jan 17
● The London Philharmonic: conducted by Elgar Howarth plays Gabrieli, Stravinsky, Birtwistla and Byrd/Howarth at 7.45 pm; Jan 18
**GALLERIES**
**British Museum** Tel: (071) 636 1555
● Ancient Egypt and Contemporary Art: 12 works commissioned by the museum alongside the existing collection of ancient Egyptian relics; to Jan 19
● Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23 (Not Sun)
**National Portrait** Tel: (071) 306 0055
● The Sitwells: the arts of the 20's and 30's through tha eyes of the Sitwells; to Jan 22
**Royal Academy** Tel: (071) 439 7438
● The Painted Page: Italian Renaissance Book Illustrations from 1450-1550; to Jan 22
**Victoria and Albert** Tel: (071) 938 8500
● Warworks: women photography and the art of war. A perspectiva of war through the eyes of international women artists; to Mar 19
**OPERA/BALLET**
**English National Opera** Tel: (071) 632 8300
● Figaro's Wedding: in house debut for conductor Derrick Inouye at 7 pm; Jan 18, 21
● Rigoletto: Jonathan Miller's updated version of Verdi's opera where tha duke is a mafia boss at 7.30 pm; Jan 23
**Festival Hall** Tel: (071) 928 8800
● Swan Lake: by Tchaikovsky. The English National Ballet choreographed by Raissa Struchkova and supported by its Orchestra at 7.30 pm; from Jan 16 to Jan 21 (Not Sun)
**Royal Opera House** Tel: (071) 340 4000
● Cosi Fan Tutte: by Mozart. A new production directed by Jonathan Miller. Conductor Evelino Pidò. In Italian with English surtitles at 7 pm; Jan 16, 23
● Otello: by Verdi. Conductor Carlo Rizzi, director Elijah Moshinsky. In Italian with English surtitles at 7.30 pm; Jan 17, 20
● Swan Lake: by Tchaikovsky. Choreographed by Marius Petipa and Lev Ivanov, production by Anthony Dowell at 7.30 pm; Jan 16, 19
**THEATRE**
**National, Lyttelton** Tel: (071) 928 2252
● Out of a House Walked a Man: by Daniil Kharms. A Royal National Theatre and Theatre de Complicita co-production ot a collection ot musical scenes by tha Russian absurdist writer at 7.30 pm; Jan 17, 18 (2.15 pm), 19
● Tha Children's Hour: by Lillian Hellman, directed by Howard Davies at 7.30 pm; Jan 20, 21 (2.15 pm)

## ■ MADRID

**CONCERTS**
**Fundación Juan March** Tel: (91) 435 48 40/435 42 40
● Henry Purcell and Other English Composers: a series of concerts of works by English composers such as Purcell, Tallis and Gibbons at 7.30 pm; Jan 18
**GALLERIES**
**Reina Sofia** Tel: (91) 468 30 02
● Salvador Dali: tha early years; to Jun 16

## ■ NEW YORK

**GALLERIES**
**Guggenhaim**
● The Italian Metamorphosis 1943-1968: a survay of visual arts in tha postwar period; to Jan 22
**OPERA/BALLET**
**Metropolitan** Tel: (212) 362 6000
● Die Fledermaus: by J. Strauss. Sung In German with English dialogue at 6 pm; Jan 16, 21
● L' Elisir d' Amore: by Donizetti. Produced by John Copely, conducted by Edoardo Müller at 8 pm; Jan 17, 21 (1.30 pm)
● La Nozze di Figaro: by Mozart. Produced by Jean-Pierre Ponnelle, conducted by James Levine at 8 pm; Jan 16, 20
● Simon Boccanegra: by Vardi. A new production directed by Giancarlo del Monaco. James Levina conducts the opening night cast of Cheryl Studer, Plácido Domingo and Vladimir Chernov at 8 pm; Jan 19, 23

## ■ PARIS

**CONCERTS**
**Champs Elysées** Tel: (1) 47 23 37 21/47 20 08 24
● Nathalia Stutzmann: contralto and pianist Inger Södergren plays Schumann, Debussy and Tchaikovsky at 8.30 pm; Jan 17
● National Orchestra of France: with violiniat Sarah Chang and conductor Charles Dutoit plays Ravel, Lalo and Stravinsky at 8 pm; Jan 19
● Soirée Beethoven: part of the 'Prades aux Champs Elysées' series featuring oboists J. Louis Capezzali and Christian Schmitt at 8.30 pm; Jan 20
● Soirée Brahms: part of the 'Prades aux Champs Elysées' series, featuring violinists Régis Pasquier and J.-Jacques Kantorow at 8.30 pm; Jan 16
● Virtuosos of Moscow: violinist Vladimir Spivakov plays Haydn, Bartók and Tchaikovsky at 8.30 pm; Jan 18

## ■ WASHINGTON

**CONCERTS**
**Kennedy Center** Tel: (202) 467 4600
● National Symphony Orchestra: with soprano Elizabeth Futral, mezzo-soprano Claudine Carlson and tha Choral Arts Society of Washington. Leonard Slatkin conducts Ravel and Mahler at 8.30 pm; Jan 17 (7 pm)
● Washington Chamber Symphony: Stephen Simon conducts Bach and Haydn at 7.30 pm; Jan 20, 21
**OPERA/BALLET**
**Washington Opera** Tel: (202) 416 7800
● Semele: by Handel. Conductor Martin Pearlman. Roman Tarleckyj directs a Zack Brown production at 8 pm; Jan 16 (7 pm)
● The Bartered Bride: by Smetana. Conducted by Heinz Fricke. In English at 8 pm; Jan 19, 21
● Vanessa: by Samuel Barber. Director Michael Kahn, conductor Christopher Keena at 6 pm; Jan 18, 20, 23 (7 pm)

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# Adam Smith and the virtue of capitalism

## Michael Prowse defends the morality of the free market system

Five years after the demise of communism in eastern Europe, the economic merits of free enterprise are rarely disputed. To a greater or lesser degree, nearly everyone now concedes that capitalism offers the most plausible formula for higher living standards.

But to accept, grudgingly, the necessity of markets is not to like them. Many people in industrialised countries – perhaps a majority – still appear to regard the capitalist system as fundamentally immoral. They are appalled by the vast rewards garnered by chief executives and stockbrokers when many working people are experiencing stagnant or declining real incomes. And far from accepting the logic of "laisser-faire" policies, they argue that governments should intervene more vigorously on behalf of less privileged groups and individuals.

This negative sentiment towards markets seems especially prevalent among the clergy and other self-appointed guardians of our morals. Is there an antidote? Perhaps not, but it would help if more people took the trouble to read Adam Smith. Sadly he is more quoted than read: economists foolishly imagine that *The Wealth of Nations* has been superseded by more recent theories while philosophers and political scientists falsely regard Smith as "just an economist".

He was, in fact, one of the leading moral philosophers of his day and the author of a superb treatise on ethics called *The Theory of Moral Sentiments*.

On some accounts, Smith regarded his ethical writing as superior to his economics; at any rate he devoted the final year of his life to an extensive revision of *Moral Sentiments*.

It might be imagined that the founder of modern economics would adopt a rather hard-nosed approach to morals. In the early 18th century, the satirist Bernard Mandeville had gained notoriety for arguing that everything people did was really motivated by self-love.

If you gave to charity, for example, you were either selfishly seeking a reputation for generosity or trying to assuage your feelings of guilt. In Mandeville's view, the notion of selfless benevolence was sheer hypocrisy.

Smith had no patience with Mandeville's sophistries. He placed sympathy with others at the heart of morality. We are capable of making moral judgments, he argued, only to the extent that we are able to empathise with others. We can judge the rightness or wrongness of another's action only by mentally exchanging places with him or her – seeing the world through his or her eyes.

Likewise, we can assess the morality of our own behaviour only by putting ourselves in the shoes of an "impartial spectator". When ethically perplexed, the question we should always ask is: would a disinterested observer, in full possession of the relevant facts, approve or disapprove of our actions?

His emphasis in the *Moral Sentiments* on empathy, impartial spectators and so forth led to what 19th century scholars called the "Adam Smith problem". In *The Wealth of Nations*, after all, Smith had famously stressed the importance of self-interest: "It is not from the benevolence of the butcher, the brewer or the baker, that we expect our dinner but from their regard to their own interest". How could Smith glorify the virtues of self-interest in one book and call on people to empathise with their fellows in another?

**The desire to help others was admirable, but people also had a moral duty to take care of themselves.**

It was Smith's critics who were confused. There was never any inconsistency between Smith's ethics and his economics. His detractors failed to grasp the richness of his conception of virtue and the subtlety of the way he divided ethical tasks between government and the individual.

In the *Moral Sentiments*, Smith voiced concern that religious leaders and ethicists (including his own teacher Francis Hutcheson) were equating virtue with benevolence. On this view, acts were virtuous only if they were intended to benefit others. Smith readily agreed that benevolence was the "most graceful and agreeable of the virtues". But those who regarded it as the only virtue were making as egregious an error as Mandeville, who had denied the reality of any virtues.

Religious leaders were fixated on benevolence, Smith argued, because benevolence was the appropriate guiding principle for an all-powerful Deity and they wanted man to become as Godlike as possible. But while God could be assumed to have no unmet needs, the same was not true of human beings who faced countless material challenges. The desire to help others was admirable, but people also had a moral duty to take care of themselves. He thus regarded prudence – the rational pursuit of one's own material well-being and happiness – as a cardinal virtue.

Smith thus did not deny that it was virtuous to give your savings to Oxfam; but he contended that it was also virtuous to invest them in a business from which you, as well as others, would benefit. It was evident to him that a world in which everyone put a greater premium on benevolence than prudence would remain in a sorry condition. Indeed, he might have gone further and argued that prudence is a pre-condition for benevolence: if resources are not first accumulated, there is nothing for the benevolent person to give away.

Smith drew a sharp distinction between benevolence and justice.

He defined injustice narrowly as any infringement of laws protecting people's lives, limbs, property and contracts. He argued that, like prudence, justice in some sense deserved a lower moral rank than benevolence. We rightly praise people for benevolent acts but feel that the mere observance of the laws of justice warrants no special praise. It is something that should be taken for granted.

Justice, however, is socially far more important than benevolence. Smith argued that a society would flourish most when people helped each other out of a sense of reciprocal love and gratitude. But it would still function without any mutual love provided laws were enforced permitting "a self-interested or mercenary exchange of good offices". Justice, he maintained, was the main pillar that upheld the edifice of human society; benevolence was less critical – it was an ornament that embellished the structure rather than part of the foundation.

It is now possible to understand the interrelation between Smith's ethical and economic theories. Smith regarded benevolence as the highest virtue, but sensibly recognised that you cannot legislate for it. Governments can forcibly raise large sums in taxation and spend the proceeds on the poor at home or abroad. But this is not benevolence because the sums are not voluntarily given; the decision to be generous or selfless has to be a personal decision, it cannot be taken on behalf of people by politicians.

But although governments can do little to promote true benevolence, they can do much to promote virtuous behaviour. In asking us to "love our neighbours as we love ourselves", Christians demand that we try to feel for others what we naturally feel for ourselves. Smith regarded this maxim as well-intentioned but dangerously naive. A more practical alternative, he suggested, was to try to feel for ourselves what we naturally feel for others: in other words, to love ourselves no more than we love our neighbours.

These may seem similar doctrines. But they have very different consequences for public policy. The first, by heightening our desire to help others, tends to promote interventionist measures; the second, by lessening our concern for ourselves, tends to favour the removal of special privileges.

The second is a restatement of the "impartial spectator" doctrine: it asks us to view ourselves "not in the light in which our own selfish passions are apt to place us, but in the light in which any other citizen of the world would view us".

Loving ourselves only as we love our neighbours is the essence of the "laisser-faire" approach to government. Suppose I am a trade unionist. Should I favour restrictions on the entry of workers to my trade? No, because an impartial spectator would disapprove: he would have the same regard for the interests of new entrants as for existing workers.

If I am an exporter, should I demand government subsidies to help me win business overseas? No, because the cost would inevitably have to be borne by other sectors of the economy: I would be loving myself more than others. Ditto for proponents of import controls.

Smith's ethical views drove him to a free market position. He recognised that the cost of interventions by government to further the interests of one group of citizens would typically have to be paid for by other groups.

On the loving our neighbours as ourselves view, each concession could perhaps be justified if offsetting concessions were granted to others. But this would lead to labyrinthine complexity and chronic inefficiency. The only doctrine an impartial spectator could countenance would be what Smith called the "obvious and simple system of natural liberty": a regime in which no special privileges were extended to any group or individual.

Such a bonfire of controls and restrictions was also consistent with Smith's emphasis on the virtue of prudence, or of rational efforts to further our material well-being.

If man has a duty to care for himself, he surely has a right to work where he wants, to negotiate contracts freely with employers, to save in whatever media he most favours, and to invest in whatever assets or markets he expects to generate the highest returns.

How could the impartial spectator – or even God himself – support artificial restrictions on economic activity that fetter the exercise of individual prudence? Instead of restricting economic options, the truly ethical government will focus on its prime function, the enforcement of the laws protecting property and contract – the laws that are a precondition for the fruitful exercise of individual prudence.

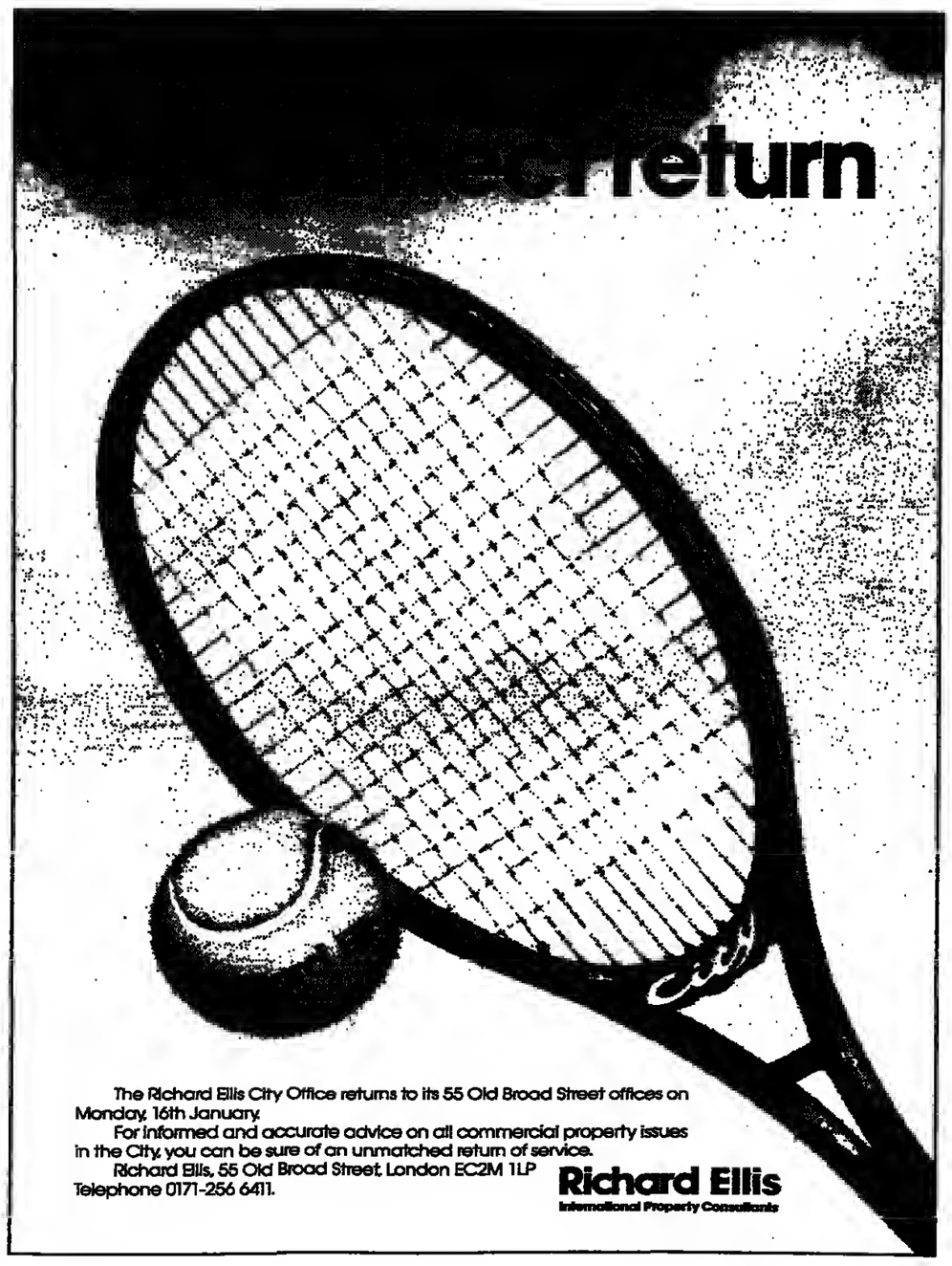
But what of the vast differences in material rewards thrown up by the market? Smith would have had no sympathy for calls for compulsory redistribution. He would have hoped that rich individuals would voluntarily engage in philanthropy.

But he would also have emphasised the folly of equating wealth with happiness. Somewhat ascetic by nature, he dismissed the pleasures of the rich as "contemptible and trifling". He argued that the price paid in toil, anxiety and loss of leisure in accumulating a fortune frequently more than offset the likely benefits. You do not sleep more soundly in a palace than in a cottage, he warned.

Smith thus provides all the keys for the moral rehabilitation of markets. We should not be envious of the rich because material rewards are not, at the end of the day, the most important thing in life. We should cherish benevolence as a sublime virtue, but understand that it can be exercised only by individuals. We should remember that it is not the only virtue: we also have a moral duty to care for our own material interests, so as not to be a burden on others. And this prudence is most readily exercised within a free enterprise system.

In loving ourselves only as we love others (rather than vice versa), we are morally bound to reject government interventions and restrictions that favour ourselves over other citizens or groups. But if everyone shows respect for the impartial spectator, "laisser-faire" policies become obligatory for society as a whole.

Limited government is thus not only economically efficient but morally desirable. And the supposed conflict between markets and morals turns out to be an illusion.

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# LETTERS TO THE EDITOR

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## Fall in debt behind Swedish optimism

*From Mr Jens Henriksson.*

Sir, In your editorial, "Markets catch a chill" (January 11), you wrote that the Swedish government had made an over-optimistic budget as it expects that "lower interest rates, in future, will lower the cost of servicing the debt by around SKr18 bn". This is a misunderstanding. The SKr18bn is the result of decreased interest expenditures due to a smaller government debt.

When calculating a tightening of public finances you have to compare with a base line scenario. Thus, a spending cut by SKr10bn automatically reduces the borrowing requirement, and therefore yearly interest expenditures by approximately SKr1bn. This is not due to lower interest rates, but to the lower cost of servicing the debt. In fact, if interest rates rise, this amount will be even larger.

The Swedish government tightens the public finances by the equivalent of more than 7 per cent of gross domestic product. More than 3 percentage points of the effect appears already in 1995, 1.5 points in 1996 and about 1 point in each of 1997 and 1998. Due to this tightening the outstanding debt will be smaller compared to doing nothing and thus interest payments will be reduced by SKr18bn.

Jens Henriksson,
*political adviser,*
*Ministry of Finance,*
*103 33 Stockholm, Sweden*

## Employers look in wrong place for best graduates

*From Ms D Metcalfe and Ms H C Grant.*

Sir, In response to the article "Employers not impressed by calibre of graduate applicants" (January 5), regarding the apparent lack of graduates of the right calibre for the 1995 intake - we, as two final year students currently undertaking the recruitment process, would like to comment on some of the issues raised.

According to the Association of Graduate Recruiters, employers feel that not enough graduates possess appropriate transferable skills. We understand these to include communication, organisational and presentation skills, the ability to work in a team and leadership potential; all of which can be acquired and improved upon through degree courses which involve close links with industry such as work experience, for example, placements and company-sponsored projects. This type of degree course is more commonly found in universities which are forward-looking and understand the importance of establishing and enhancing links with industry.

Our experience has been that many companies in fact concentrate their recruitment drive on the traditional, "red-brick" universities, through milk-rounds, etc. Perhaps this is why they miss out on the untapped potential they seek.

D Metcalfe,
H C Grant,
*151 Gerald Road,*
*Salford, M6 6BL*

## Better the maverick

*From Mr Philip J R Wright.*

Sir, I enjoyed Victoria Griffith's article "Chameleon or maverick" (January 11). Two types of business people were described: the "chameleon", a team player, feeding off other people's cues, attuned to what others in the company are saying, and the "maverick", a low self-monitor who goes with his own beliefs, telling people what they don't want to hear.

The implication appears to be that if you want to "climb the corporate ladder faster", it's better to be a "chameleon".

This overlooks the fact that the determined maverick – rather than racing to the top of someone else's ladder – builds his own. Not only is he at the top sooner, but he owns it.

If large companies are more prone to surround the CEO with relatively untalented sycophants whose personal goals are not congruent with those of the organisation, but who play along at being "company" people, it is not surprising that the long-term future of the large company is in doubt.

Guess which type I am?

Philip J R Wright (unemployed).
*16 Princess Grove,*
*Wistaston,*
*Crewe,*
*Cheshire CW2 8HR.*

## Is FT gender neutral or for men only?

*From Miss C H Dawes.*

Sir, I like the advertisement on page 5 (January 13) of the Financial Times. Indeed, I have always liked it. However, I preferred it when it was very cleverly teamed with an advertisement aimed at women and featuring, I believe, the Scottish comedian Billy Connolly. Are you going to be gender neutral – in the nicest possible way – and publish a female equivalent of the ad?

Harriet Dawes,
*69 Gibson Square,*
*London N1 0RA*

*From Ms Catherine Stevens.*

Sir, I was shocked to see the advertisement carried on page 5 displaying a scantily clad blonde with the caption "Hello Boys" to wish readers a Happy New Year! Does TBWA Advertising think that the FT is only read by men?

Catherine Stevens,
*11 rue A Campenhout,*
*B1050 Brussels, Belgium*

## Cumbria Tec brought alleged fraud to light

*From Steve Palmer.*

Sir, I refer to your article, "Cumbria Tec payment is probed" (January 10). There are a few key facts which I feel should be added to your coverage of this affair, as follows:

- It was Cumbria Training and Enterprise Council which first discovered the alleged fraud in the course of our normal quality and financial control audits;
- Cumbria Tec notified the governmant department responsible of the alleged fraud;
- Cumbria Tec brought the facts to the attention of JHP Training which, as it involved JHP's employees, notified the police.

Your article points out that all the Tecs' financial control systems have improved considerably. It is worth noting that Cumbria Tec enjoys the Department of Employment's highest rating for financial control.

Steve Palmer,
*Cumbria Training & Enterprise Council,*
*Venture House,*
*Guard Street, Workington,*
*Cumbria CA14 4EW*

## Barbara Bush talking of Geraldine Ferraro

*From Mr Rambod Behboodi.*

Sir, I write with reference to your story of January 5, "Republicans hail 'amazing day", in which you quoted Mrs Barbara Bush as once saying of Mrs Hillary Clinton: "I can't say the word ..but it rhymes with rich."

In fact, Mrs Bush made her famous remark in 1984 about Ms Geraldine Ferraro, then the Democratic Vice-Presidential candidate. The silver haired and elegant Mrs Bush later clarified her statement, saying that she had really meant "witch", and not "bitch".

I should also like to note that the two statements were made in quite different circumstances. Mrs Bush made her remark in response to a direct question by a journalist as to her opinion of Ms Ferraro, whereas Mr Gingrich's comment was a private one made to his mother. I have little sympathy or respect for Mr Gingrich and his party, but I wonder what relevance this private communication between a mother and her son has to public policymaking, such as it is, in the US.

Rambod Behboodi,
*Aspang strasse 15/16,*
*1030 Wien,*
*Austria*

**FINANCIAL TIMES**

Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Monday January 16 1995

# A fresh chance to reform Italy

Mr Lamberto Dini, Italy's prime minister-designate, must capitalise on the sense of urgency engendered by the country's political and economic crises, but avoid being crushed by them. He has set four priorities for the new administration likely to be formed this week: curbing the budget deficit, reforming Italy's over-generous pensions system, bringing in new rules on control of television and introducing new laws for a first-past-the-post voting system for the next general election. These challenges are as unavoidable as they are unenviable.

For Mr Dini's interim administration to accomplish all of them within the space of a few months would represent a superhuman achievement. Yet after the failure of the prime ministership of Mr Silvio Berlusconi, Italy must confront its problems head on. President Oscar Luigi Scalfaro has rendered a service by engineering a compromise to block Mr Berlusconi's desire for early general elections. But the relief will be short-lived, unless Mr Dini acts quickly to achieve the needed stabilisation.

Mr Dini, a former director-general of the Bank of Italy, was Treasury minister under Mr Berlusconi. He lacks the proven leadership qualities of Mr Carlo Azeglio Ciampi, the former Bank of Italy governor, who was prime minister during a similar technocrat-led administration in 1993-94. While Mr Ciampi's stature was enhanced by his unblemished central bank record, Mr Dini weakened his credibility through the unnecessary row last year over his attempt to nominate his own successor at the Bank of Italy. Additionally, Mr Dini's reputation suffers from having already failed once, last November, to push through cuts in pensions entitlements.

Nevertheless, Mr Dini has some important advantages. In contrast to Mr Berlusconi, he embodies a commitment to fiscal orthodoxy. As a member of the previous administration, he should be able to rely on parliamentary support from at least part of Mr Berlusconi's Forza Italia. In his initial statements Mr Dini has also demonstrated commendable readiness to set an active government agenda, a move welcomed at the end of last week by concerned financial markets.

Mr Dini's aim is to use Mr Berlusconi's failures to illustrate the inescapable need for unpopular measures. Obtaining support from parliament and the public will require not only wisdom but also great political skill, particularly if he is to win a renewed tussle with trade unions over pensions. Mr Dini's balancing act is made more delicate still by the peculiar position of Mr Berlusconi who will play a central role in determining the fortunes of his successor.

Mr Berlusconi will remain embroiled in the corruption investigations. He can be expected to use his hold over important sections of the media to influence the deliberations on reforming broadcasting laws. Additionally, he will have an incentive to exploit Mr Dini's problems as a means of returning to power in a future election.

Mr Berlusconi's lack of achievement increases Mr Dini's chances of appearing at least a modest success. But Mr Dini needs to be more than a mere caretaker. He must prepare for new elections that may come as early as next summer. But he must also set Italy firmly on the path of reform that eluded his predecessor. Both time and the patience of financial markets are running out.

# Santer's list

Mr Jacques Santer and his band of would-be European commissioners face a delicate dilemma when they assemble in Strasbourg today. They must decide whether to redistribute some of their portfolios in response to sharp criticism from the European parliament, or to ignore the criticism and risk the wrath of the assembly. The parliamentarians cannot veto individual commissioners, but they can reject the whole team if they feel strongly enough about it.

Such drastic action is scarcely justified by the objections raised during the confirmation hearings of five members of the new commission. One commissioner has been criticised as too conservative on women's rights, another as too vague and imprecise on the future of Europe, a third as inadequately prepared and lacking in respect for the parliament. To sack them all would smack of using a nuclear weapon to resolve a local skirmish. That is often the problem for the European parliament: its powers amount to all, or nothing. Mr Santer can hardly back down even before his new commission is in office, so the parliament would be well advised to give way gracefully.

That is not to say that the exercise of scrutinising the new commissioners has been a waste of time. The parliament has made it clear that it sees them as primarily answerable to it, rather than to their national governments. It has forced them to do their homework, and identify their policy priorities. It has served notice that it will look for every opportunity to extend its democratic control over the Brussels bureaucracy.

The question of the powers of the parliament is likely to be central to the forthcoming inter-governmental conference of the EU member states in 1996. Yet a process is already under way in which the institution is extending its influence, although it is at times erratic. Some, particularly in London and Paris, accuse the parliamentarians of being irresponsible. The truth is that they will only be as responsible as their powers permit.

# Pricing risk

If doomsday is coming, it should help to know. Last week, scientists warned that California should brace itself for more earthquakes of the kind it suffered a year ago. But the warning, published in the journal Science, may be wasted on the world's insurance industry.

Insurers and reinsurers (who cover insurers against big losses) now acknowledge that they have been consistently under-estimating the costs of disaster, and that they have also failed to anticipate the size of claims under US liability laws. The question is how the industry's pricing and corporate structure should change.

According to industry estimates, there were 600 big natural disasters worldwide in 1993, generating overall losses of $50bn (£33bn). Meanwhile, US claims for environmental and health liability continue to rise. US rating agencies estimate that environmental and asbestos claims could cost more than $130bn; it is unclear yet whether the Republican capture of Congress will succeed in reining back liability laws. The result is that profitability declined steadily for the global reinsurance industry between 1988 and 1993, the last year for which figures are available, according to rating agency Standard & Poor's. Moreover, says S&P, shareholders' funds of the world's 111 largest reinsurers, excluding Lloyd's of London, are only slightly bigger than the cost of one disaster such as the California earthquake, which caused about $30bn in damage.

But attempts to push up rates have generally been unsuccessful, as negotiations of 1995 premiums in the past month have shown. This partly reflects the wave of new capacity, particularly in Bermuda. In 1993, investment through Bermuda in international insurance and reinsurance increased by £7bn. About half of the inflow, attracted by the favourable tax and regulatory regime, has gone to nine new catastrophe reinsurance companies. The new entrants have recognised that as a result of concerns about the capacity of insurers to withstand large losses, well-capitalised groups will be well placed to attract new business and squeeze out smaller ones. Sheer size has put the Bermuda brigade rapidly into the front ranks in several sectors at the expense, notably, of Lloyd's.

Further consolidation in the industry can now be expected. To survive, small reinsurers will try to merge or create joint ventures to build larger and more diversified portfolios, and to cut top-heavy administrative structures. More sophisticated products to enable the industry to spread risks are likely to emerge.

Those changes may lead premiums to reflect risks more accurately. The increasing use of meteorologists, geologists and computer software in recent years suggests that the industry is attempting to improve the pricing of risk. Munich Re, the world's largest reinsurer, also announced in December that it may withdraw from business where premiums are too low to justify the risks.

Insurers cannot control the arrival of doomsday, nor the enthusiasms of the US environmental lobby. The changes under way in the industry are the inevitable response to those pressures, and should enable insurers to charge a price which more accurately reflects the full risk they bear. In extreme cases, risks may simply become uninsurable – which would throw the problem into governments' laps.

**Gillian Tett** and **Roderick Oram** on how UK manufacturers and retailers are coping with rising costs

# Working on the margins

After two years of delivering consistent price reductions to keep his customers happy, Mr Terry Trudgian, joint managing director of Cromwell Rubber, is running run out of room for manoeuvre.

With price increases of up to 15 per cent for steel and polymers coming this year, the Peterborough company – which supplies carmakers such as Honda and Nissan – doubts it can cut its costs any further.

"We will have to attempt to pass the latest increases on to our customers," he says, "though I'm not necessarily convinced of the underlying reasons for some of the raw material increases."

The latest batch of British factory prices, to be published today, seems certain to reinforce his dilemma. They are expected to show further increases in raw material prices, with manufacturing prices growing more modestly.

Meanwhile, retail price index data on Wednesday is likely to show that the price of many high-street goods has remained fairly flat. As the UK enters its third year of economic recovery, the issue facing the corporate sector is whether manufacturers and retailers can continue to absorb the increasing cost of raw materials.

The pressure on costs stems from rising commodity prices, triggered over the past year by growing world demand. It has confronted UK manufacturers with a surge in raw material prices as big as that which followed the 1992 devaluation. In the year to November, the cost of fuels and materials purchased by industry rose by 7.9 per cent.

So far, manufacturers have not fully passed on the costs. Prices of goods leaving factory gates rose 2.4 per cent over the same period. And retailers have also absorbed some of the rise, leaving retail price inflation, excluding mortgage interest payments, at 2.3 per cent.

Life has been tougher in some sectors. The cost of textile materials, for example, grew 9 per cent over that period while high-street clothing prices fell 0.5 per cent.

Optimists argue that something radical has happened that need not lead to a re-emergence of inflation. They believe that the recent recession prompted changes in the way that manufacturers and retailers do business that have helped them absorb rising costs in a way unseen in previous recoveries.

Pessimists say there is always a lag before cost increases feed through to the consumer. As margins are squeezed and the recovery gathers pace, companies will revert to previous behaviour and raise prices. As evidence, they cite the recent slight pickup in a few output prices.

"The big question now is whether the gap between retail price inflation and input costs reflects a major structural change or whether it is simply part of the normal economic lag," says Mr Adam Cole, UK economist at James Capel. "The next few months will be vital in discovering which of these scenarios is true."

For the present, however, there appears to be little pressure on manufacturers' margins overall, which are near a historic high. The Bank of England calculates that manufacturers' margins rose 4 per cent in the year to August.

"Input prices are rising steeply but they are being more than offset by falling unit labour costs," says Mr Paul Turnbull, UK economist at brokers Smith New Court.

He estimates that labour costs represent around 65 per cent of a company's total costs while raw material costs represent a mere 15 per cent. In the three months to October, unit labour costs were 1.7 per cent lower than in the same period a year ago – the largest fall since the figures were first recorded in 1970 – thanks mainly to productivity increases.

This good news is unlikely to last if industry reverts to the pattern of previous economic upturns. The biggest productivity gains are usually made at the start of the economic cycle. When wages costs and demand rise further, companies in the past have begun pushing through price increases.

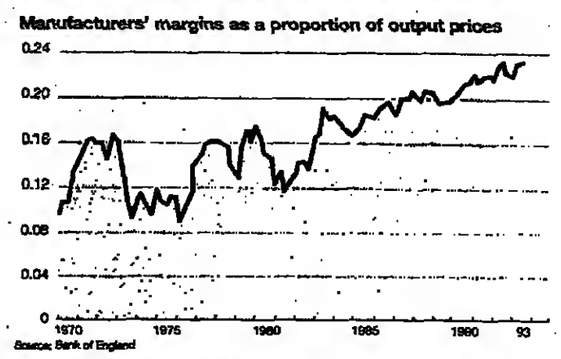
However, the current recovery appears to be different in nature from recent upturns: unlike the 1980s recovery, for example, manufacturing is booming but domestic consumer demand is not.

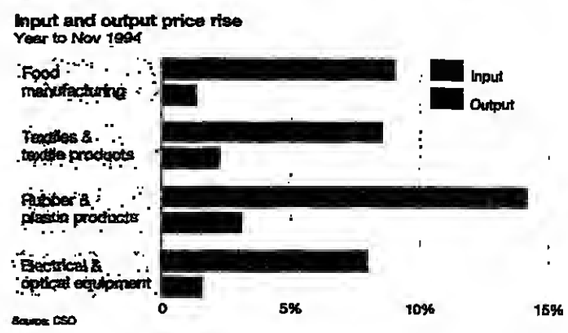
Manufacturing output grew by about 4.5 per cent last year and is expected to remain strong, with exports forecast to grow by 7 per cent. By contrast, retail sales rose only 2.5 per cent in the year to November; with tax increases still to come, real disposable personal income is forecast to grow only 1.5 per cent this year.

This pattern has created different pricing and competitive pressures along the production chain. Companies that supply raw materials to industry – such as steel, paper and chemical suppliers – have been able to push through price rises, because manufacturers have limited choice and demand is strong. Companies closest to the retail end are most likely to face a price squeeze, with demand subdued and consumers able to shop around.

Such competitive pressures are forcing many companies to step up efforts to improve productivity.

**UK price pressures grow but margins remain strong**




Food retailing and manufacturing shows this vividly. The ability of supermarkets to raise prices is limited given the wide variety of outlets where consumers can buy food. Retail prices on some foodstuffs have collapsed dramatically, witness potato crisps at 5p a bag and baked beans at 4p a can.

Retailers generally are resigned to passing on only a few moderate price increases this year.

"It's bloody difficult to get price increases," says one. "We are having to absorb higher costs one way or another – by eroding our margins or becoming more efficient."

Large retailers believe that they can still find further efficiency gains, even after the vast investment in shops and distribution systems over the last 10 years. They particularly pin their hopes on using technology to improve their information processing.

Woolworths, for example, is still equipping itself with electronic point of sales terminals that will help it streamline its supply chain. Argos, the high-street catalogue store, is simplifying its back-office operations by replacing paper orders with an electronic data interchange system.

"Some 4,000 invoices a day come through our front door," says Mr Bob Stewart, Argos finance director. He also sees further gains through improving the distribution of goods. Overall, one of the company's main goals is to expand its network of showrooms to make better use of its infrastructure.

City economists are less sanguine about retailers' prospects. "Retailers have only been able to pass on to consumers just over half of the total rise in the cost of the goods they sell," says Mr Ian Shepherdson, UK economist at Midland Global Markets. He calculates that their margins fell by more than 18 per cent during 1994.

One reason why retailers' margins have fallen is that they have been much less successful than manufacturers in holding down their costs. Their payrolls have been rising as a result of developments such as Sunday trading. This margin squeeze will, Mr Shepherdson argues, leave many retailers, particularly the small ones, facing a "real crunch" this year.

"Persuading suppliers to accept lower margins is the only alternative to more aggressive cost control," says Mr Shepherdson. The largest supermarket chains can use their buying power to squeeze the best deal out of suppliers and encourage them to add capacity or dedicate plants to supply their stores.

As for the suppliers, none have felt the competitive pressures more acutely than textile and clothing makers. Yet even they remain relatively confident that they can find new economies, while pushing through a few limited price increases.

"In some circumstances, depending on what consumers will bear, we will pass on some price increases," says Ms Pippa Wicks, finance director of Courtaulds Textiles.

The corporate sector's success in absorbing some of the impact of rising raw material prices may, therefore, be continued into 1995. But if there is an acceleration in the rate of price rises – as a consequence of global economic growth or turmoil on the foreign exchanges – it could swamp the ability of companies to adapt.

*Additional reporting by Michael Cassell and Simon Kuper*

# A declining appetite for risk

PERSONAL VIEW

Long before the 40 per cent devaluation of the Mexican peso this month, the seeds of the current financial markets turmoil had been sown. What is now engulfing global bond and currency markets is a pervasive shift in investor behaviour that has its roots in US economic policy and market developments since 1988.

This shift goes beyond notions of a temporary flight to quality and will have consequences not yet fully seen.

Today investors have lost their appetite for risk. They are demanding higher yields to compensate for old risks. They are swimming away from choppy markets to the calmer waters of markets with a history of lower volatility.

The appetite for risk is driven by three factors:

- The level of the real return of the "riskless asset" – cash deposit rates. When they fall, investors look for higher returns elsewhere and will contemplate greater risks.
- The abundance of savings – when the weight of money pulls down returns in the most important markets, investors also look elsewhere.
- The general level of market volatility – if markets are stable, investors are more likely to be tempted by riskier investments.

Between 1989 and 1993, the sluggish US economy contributed to the near doubling of private savings. At the same time the US Federal Reserve initiated an easy monetary policy to support, first, the economy and, later, the US banking system after the collapse in real estate values.

Real interest rates fell to zero around December 1992 and stayed there for an unprecedented 12 months.

Lower interest rates might have led to an acceptance among investors of lower investment returns. Instead – the consequence of a highly competitive market among brokers and other investment advisers – they produced a greater appetite for return and risk.

US savings began to move away from cash deposits, out along the risk spectrum, towards instruments offering higher returns – and higher risks – such as long-dated government bonds, junk bonds and equities. By 1992, the weight of these flows pulled US bond yields down to record lows at the same time that the US was running one of its largest fiscal deficits as a percentage of gross domestic product.

As domestic investment yields fell, savings moved overseas in search of higher returns. They were encouraged by the stability of the foreign exchanges, where volatility was historically low. The destination of US outflows reflects the search for higher risks. Between 1988 and 1992, the proportion of net new investment by US investors in safer European government bonds fell from two-thirds of the total to one-third. The share in riskier Latin American and south-east Asian equities rose from one-tenth to one-third.

**Between 1989 and 1993, the sluggish US economy contributed to the near doubling of private savings**

The great outflow from the US between 1989 and 1992 – so often referred to today as a permanent feature of US portfolio flows – has been seen as a desire to diversify. But it has been motivated as much by an appetite for risk – a search for higher returns than were available in the US.

In reaching out to emerging markets in that search, US investors travelled with a return ticket.

Strong economic recovery in the US economy has depleted savings. Real interest rates have climbed from zero to more than 2 per cent. Cash deposits – the riskless asset – now offer higher real returns, reducing the appetite for risk.

If US real interest rates continue to rise, riskier more volatile markets will continue to weaken, especially where economic and financial reforms are more anticipated than real. This applies as much to European countries such as Sweden and Italy as to the Philippines and Thailand.

If US real rates rise well above those in other low-volatility markets such as Germany and Switzerland, the next development could be a stronger dollar as US investors pack their bags and go back home.

The lesson for emerging markets is that governments need to distinguish between capital inflows that arrive in response to a reduction in risk for foreign investors, and those that arrive in response to the rising risk appetites of investors because of conditions in their home markets.

The former are to be encouraged. The latter should be redirected to building up international reserves. That will ensure that few tears are shed when these flows reverse.

**Avinash Persaud**

*The author is head of currency research for J.P. Morgan in London. This article is based on Dollar Decline and Emerging Markets, which won third prize in the 1994 Amex Bank Review essay competition*

# OBSERVER

## Waltzing out of history

■ When a Viennese local government official turned up on the door step of the Corporation of London last year offering to repay, in present money terms, the ransom doled out to secure the release of Richard Coeur de Lion 800 years previously, the Brits were inclined to be sceptical. And anyway, why Vienna?

They turned to their history books to find that it was indeed at an inn near the city that Richard I had been captured on his return from the Crusades. Dressed as a kitchen servant by minions of Leopold, Duke of Vienna, he was handed over to the German emperor Henry VI, imprisoned in Worms in 1192, and released two years later in exchange for a ransom totalling 150,000 marks of silver.

The Viennese emissary said the idea was to atone for the second world war bombing of the City of London (which was of course carried out by Germany). A puzzled Corporation decided not to ask further about the motivation behind such generosity. Nor was it inclined to belabour the point that the Duke of Vienna actually received but a fraction of his small (25,000 marks of silver) share of the ransom.

So the £309,000 has now arrived (with typical Teutonic meticulousness, in two installments) and, in accordance with the Austrians' wishes, it will go towards a school for deprived toddlers in Islington. The next challenge is to find a name for the school that does justice to the rich history of the gift. Suggestions please on a heart-shaped fax to Observer on 071-873-3926.

## Lacking horse sense

■ Small wonder if receiving a rather different sort of gift is beginning to figure on the list of western leaders' nightmares. A succession of dignitaries have recently been in receipt of horses of exotic eastern provenance - and each seems to make a worse hash of accommodating the gesture.

John Major let his 50th birthday present from Turkmenistan languish unacceptably long before finding it a rather unlikely home among the Household Cavalry. President Mitterrand, also in receipt of a noble stallion from the Turkmenistani deserts, was forced to put the beast, sickly from its travels, on show to counter rumours of its demise. Now the Swedes have got it really wrong.

The sorry saga, as relayed by the tabloid Expressen, began with a visit by the head of the Pakistani army to Sweden last August. Three thoroughbred horses were offered to his hosts by way of thanks.

Despite draconian quarantine laws forbidding entirely the import of horses from Asia, the Swedes believed they could neatly side-step the problem by parking their gift in a third country for a few months first. Estonia volunteered and a large aircraft was duly despatched to Pakistan. Unfortunately, the Estonians then had unexplained second thoughts, and the aircraft was forced to take its charges directly to Sweden. At this point, the law swung into action, and the horses had to be put down.

## Male shot

■ The University Women's Club was not to slow to spot a marketing opportunity in the debate about ladies' admission to clubland stirred up by Oxford don David Butler's noisy departure from the Oxford & Cambridge Club.

Out went a massive mailing, expressing sympathy for the "plight" of their sisters at, or half at, the Ox & Cam, but reminding them of the haven for high-powered women ladies in Mayfair. Leaving aside for the moment the somewhat dubious claim that "there is no sexism here" - despite a paragraph to the effect that, although men are welcome as guests, "full membership for men has never been an issue" - the university women do themselves no favours with their brochure. The toe-curling section headed "Social Events", promising monthly "Dining-Ins" - whatever they may be - provides eloquent testimony as to why many women would prefer to await the changes that Butler urges.

## Phoney phonetics

■ It is bad enough when the Americans accuse the British of having an accent. It is of course they who insist on speaking in that funny fashion, old boy. But when American gizmos take the Brits for non-English speakers - well, one can almost see the makings of a diplomatic incident.

The cadences of a colleague's impeccable Queen's English went sadly unappreciated recently by the mechanical voice that responds to AT&T telephone cards.

"Please say Collect, Calling Card, Person to Person or Operator" it barked at the other end of the line as he tried to deploy his new piece of plastic.

No matter how beautifully he enunciated his choice, no matter whether he requested the "operator" or "calling card" option, the machine sounded blank. "Sorry. Your response was not understood" it repeated intransigently. Only after capitulating entirely - translating "operator" as "apparatus" and "calling card" as "carling cad" - did he start to make some progress...

## Tubular smells

■ Private enterprise is making strong inroads in the oddest corners of Britain's transport systems. Six weeks after Observer reported the launch of a booklet indicating the best carriage to pick for a rapid exit at your London Underground destination, a rival publication has appeared.

*The Way Out Tube Map* is closer to the traditional tube map than the first publication, detailing all the routes as well as the best-positioned carriages for a speedy get-away. Slightly clearer than the *Tube Hopper*, it also undercuts its rival in price by a pound.

What next? A detailed road-map of the thought-processes of Brian Mawhinney, minister in charge of privatising what's left of the country's public sector transport?

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FINANCIAL TIMES
Monday January 16 1995

N. AMERICA'S LEADING CAROLINA BUILDERS
WOLSELEY

# Chechen rebels hold on to parts of Grozny despite Russian push

By John Thornhill in Moscow

Chechen resistance fighters were last night stubbornly clinging on to parts of their ruined capital, Grozny, despite a ferocious assault by Russian forces determined to end the bloody and humiliating conflict.

Mr Oleg Lobov, secretary of Russia's security council which is supervising operations in Chechnya, said the confrontation had now entered its most critical stage and an end was in sight.

But a determined attack by Russian ground forces yesterday seemingly failed to crack Chechen resistance and secure control of the city centre.

Reports from Grozny said Russian forces pounded the city's central buildings with heavy artillery and mortar fire. Other targets were attacked by Russian fighter-bombers.

Despite suffering heavy casualties, rebel fighters continued to fire on Russian troops from windows in the blackened presidential palace, which has become a symbol of Chechen resistance.

The whereabouts of Mr Dzhokhar Dudayev, the Chechen president, were unknown last night. But Russian news agencies reported that his eldest son, Ovlur, was among the hundreds of Chechen fighters killed in the fighting.

The United Nations yesterday began an airlift of humanitarian aid to help the thousands of refugees who have flooded out of Chechnya.

A UN official said a team of 10 representatives had arrived in Vladikavkaz, in north Ossetia, on Wednesday to assess the situation but had been obstructed by Russian officials. A cargo aircraft containing 42 tonnes of relief supplies landed in Vladikavkaz yesterday.

UN officials estimate that 150,000 people have fled from Chechnya to the neighbouring regions of Ingushetia, Dagestan, north Ossetia and the Stavropol region of southern Russia.

"There were people who had not eaten for four days, people who had spent several weeks in cellars in Grozny, who had nothing left but the clothes on their backs," said one UN official.

The conduct of the operation has continued to draw criticism from Russian officers and condemnation from abroad.

Gen Vladimir Semenov, the commander-in-chief of Russia's ground forces, said the experience of the past few months had been a sorry one.

"We would have liked the operation to have been prepared more thoroughly to have adequate forces and resources," he said.

The German Social Democratic party criticised Chancellor Helmut Kohl for not speaking out more forcefully against the "barbarity" in Chechnya. In a newspaper interview, Mr Kohl said Russia could not allow its regions to secede if it wanted to maintain stability.

"I will do everything I can to help Boris Yeltsin guide Russia towards rule of law, a parliamentary democracy and a free market system," he said.

Yeltsin aide sees sharp right turn, Page 2

## THE LEX COLUMN

# Hidden privileges

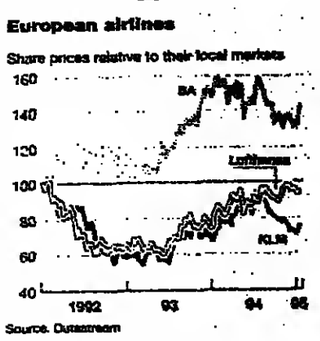
What is the difference between a speculative fund manager and a market maker? The answer, it seems, can be little more than the latter's ability to hide an investment. This privilege must come under fire, however, following the revelation of Swiss Bank Corp's undisclosed 8 per cent stake in Yorkshire Electricity. The stake may have little connection with SBC's increasingly controversial contracts for differences with Trafalgar House. But there is certainly no evidence that it served any purpose in enabling SBC to make a more efficient market in Yorkshire shares.

Marketmakers evolved from the former jobbing firms, whose sole purpose was to ensure a liquid market in stocks. As independent partnerships, jobbers had little capital to risk. The privilege of non-disclosure was an important factor in maintaining active trade. Now that most jobbers are bank subsidiaries, with vast balance sheets to back them, they are able to increase trading activities substantially. The explosion in derivatives trade has given market makers the added opportunity of gearing up returns on stakes that no one else knew existed. Despite these changes, there has been no meaningful alteration in market-making regulation since 1986.

The disclosure privileges do have some justification. In small illiquid stocks, they enable market makers to take on large blocks of shares which might otherwise prove difficult to offload. But there are good reasons to impose short-term deadlines on non-disclosure of these stakes. After all, there is an obvious loser. Investors who sell shares when undisclosed stakes are being built have been seriously disadvantaged by this lack of market transparency. The stock exchange has said it is looking at the regulatory issues raised by SBC's recent activities in Northern Electric. Marketmaking privilege must be a key area of focus.

### European airlines

Year-on-year passenger growth on European airlines soared 11 per cent during November, an astonishing performance. But investors should beware believing that makes airline stocks attractive. Passenger growth in the airline industry does not necessarily lead to profits growth. The barriers to entry are so low and competition so fierce that the real price of air travel continues its long-term downward trend – falling 15 per cent in the last four years alone. Any slight improvement in the mix of traffic – say a rise in business travel – will be more than offset by continuing fare wars.




Even at this stage of the cycle, only the most efficient airlines are generating a sufficient return to sustain their business. The economic recovery and rise in passenger volumes may have come too early, undermining inefficient airlines' determination to cut costs and make themselves more commercially minded. They will be worse placed than ever when the next downturn arrives.

The airlines' poor return means their stocks remain at best trading plays, not long-term investments. A more rewarding bet on the growth of civil aviation is to invest in airports. These actually benefit from the airlines' discounting because this boosts passenger numbers. Recently privatised businesses such as Copenhagen and Vienna look cheaper than BAA on a cash flow basis. And once the European Commission has decided on its policy about the allocation of slots, any additional privatisations should prove attractive.

### Swiss equities

As usual in times of instability for world financial markets, international investors have bought Swiss francs. But the currency's strengthening in recent weeks has not been matched in the equity market, where blue chip stocks such as Holderbank and Nestlé have reacted badly to the Mexican crisis and its aftermath.

While the yearning for security should drive some undiscriminating investors into Swiss stocks, there is no reason to suppose that the market should outperform its European rivals this year. The market is highly skewed towards pharmaceuticals, financial services and food. Multinational companies in these sectors are especially vulnerable to the strong domestic currency, as demonstrated by earnings growth for the market as a whole of just 7 per cent last year. Earnings could grow more than twice as fast this year, but the bounce looks pedestrian compared with the likely profits recovery in more cyclical markets such as Germany.

There are at least two further negative factors. First, the banking sector is under a cloud – Union Bank of Switzerland's battle with Mr Martin Ebner over a proposed reorganisation of the bank's share capital has not been in investors' interests. Equally worrying is the sharp drop in banks' trading income last year: understandable given market conditions, but contrary to the banks' own expectations and evidence of the poor quality of this element of banks' earnings.

The second problem is the Swiss economy itself. By Swiss standards, a budget deficit of an expected 4 per cent of gross domestic product for this year is high. Inflation is climbing from its low point last year and may treble during this year to 3 per cent. This would be higher than German inflation and could trigger a tightening of Swiss monetary policy. This would add to the attractions of cash at the expense of equities, which have in the past tended to prove highly sensitive to interest rate rises.

### German regulation

Investors in Germany should be pleased: the country's new securities watchdog (BAWe) is baring its teeth by scrutinising Viag's handling of the announcement of its telecommunications joint venture with British Telecom last week. It has long been a complaint that price sensitive information leaks out of German companies as through the proverbial colander. In an economy as decentralised as Germany's, this is perhaps not surprising, but it has traditionally worked against the interests of international investors who own a high proportion of shares in large German companies. The BAWe's zealous stance – it is policing a new requirement to report price-sensitive developments promptly – should encourage companies to adopt a more professional approach to the distribution of information in general. This will encourage greater transparency in the German equity market, and greater fairness for investors.

# Railways plan to lay cable link

Continued from Page 1

Mr Jan Loeber, formerly managing director of Bankers Trust Securities Corporation in the US, where he was responsible for telecommunications industry. He has also been managing director of Unitel (now Mercury One-2-One) in the UK, group president for Nokia North America and has held a number of posts in AT&T and Alcatel.

Details of the financing are not being made public but GTS, managing partner in the venture with 33 per cent of the equity, has responsibility for raising the capital.

Mr Gerald Thames, chief executive of GTS and a former chief executive of BT North America, said progress towards a single-market economy, the introduction of multimedia and regulatory approval for alternative carriers had created demand beyond the capacity of Europe's existing networks.

Hermes intends to exploit this unsatisfied demand for cross-border communications services. It plans to attract large multinational companies which complain that national carriers cannot meet their needs for "seamless" communications outside their national boundaries.

It intends to become a "carriers' carrier" selling capacity to public network operators, value-added network service providers and cellular phone companies.

It will also be able to sell capacity to organisations building the European information superhighway.

Because it will be complementary to, rather than competing with, existing telecoms operators it does not expect regulatory problems.

Yesterday, the indications were that both Brussels and existing national networks welcomed the initiative.

# Chemicals prices will rise further, producers predict

By Jenny Luesby in London

Further rises in chemical prices are on their way, say producers, in spite of the heavy pressure that last year's increases is already exerting on many chemical companies' profit margins.

On the European spot market, methanol prices have risen by 400 per cent in the last 12 months, orthoxylene is up by nearly 200 per cent, and ethylene, propylene and styrene prices have doubled. These chemicals are the main building blocks for all manmade goods, but are particularly important for plastics, packaging and textiles producers.

Prices began to rise sharply six months ago, following accidents in several US plants and a drought in Japan, which saw halts in production just when demand was rising.

Buyers of chemicals had hoped that the return to production of these plants would ease prices, but the recovery has since generated sufficient growth in demand to mean that without increased capacity, prices will continue to rise, says the industry.

Quantum and SCM, the two US chemicals companies owned by Hanson, last week predicted that ethylene and polypropylene prices, which have been far lower in the US than in Europe, will be among those that continue to rise strongly this year because of rising demand.

Yet, according to Mr Richard Freeman, ICI's chief economist, European bulk chemical producers will require higher prices than have yet been forecast before they will be willing to invest in any new capacity.

Producers of bulk chemicals account for only a fraction of total chemical output, but supply all other chemical processors.

Processors were temporarily protected from the price rises by a system of fixed price contracts, which are renegotiated each quarter, but they are now experiencing sharp increases in their raw material prices.

In the US, some producers have cut output rather than pay much higher prices for methanol, which they cannot pass on. Methanol is used to make adhesives and as an additive to petrol in several US states.

In the UK, Allied Colloids, British Vita, Courtaulds, Hickson, Yorkshire Chemicals and Yule Catto have all issued warnings that their profits are being hit by rising input prices.

With bulk chemicals representing an average of 60 per cent of their input costs, chemical processors everywhere say they are trying to pass on the price rises. Some are succeeding.

Hoechst Celanese, of the US, has increased its prices for polyester fibre, used to make clothing, furnishing fabrics and insulating materials, by between 8 and 10 per cent this month, because of rising raw material costs.

In the UK, "Courtaulds has implemented significant price increases from January this year, and will do so again in April unless there is a massive reversal in raw material costs," according to Mr Gordon Campbell, the company's deputy chief executive. Courtauld's January price rises are thought to have ranged up to 15 per cent.

But, the industry says, those close to the consumer are finding it hard to pass on the increases, and it seems that it will be the chemical industry itself that is hardest hit by rises in 1995.

Working on the margins, Page 13

# China to buy French N-power reactors

Continued from Page 1

stage one, in which they were involved.

But the cost of the two new units will be substantially lower – some 20 per cent less – than those of the first stage. A Framatome representative said China was receiving the "least expensive" reactors in the world under the deal. The world market for reactors is depressed and China was able to capitalise on the lack of orders.

France's success in securing the commission for the Daya Bay expansion is confirmation that the freeze in Sino-French commercial relations is over. Beijing banned agreements with French companies following the sale of Mirage fighters to Taiwan in 1992. France agreed last year to stop further arms transfers to Taiwan.

The Daya Bay expansion is expected to be completed within five years. French officials expressed confidence that Framatome would receive further Chinese orders. "This is a recognition of the quality of the French offer, and the safety of our technology," Mr Rossi said at the signing ceremony. "France is confirmed as China's first-choice foreign partner in the nuclear sector," he added.

● GEC-Alsthom, the Anglo-French engineering group, has won a contract for a FFr2.5bn ($471m) thermal power station in Sichuan province, south-west China, according to Mr Rossi. The industry minister said he was informed by Premier Li Peng at the weekend that the Anglo-French consortium had been successful in its bid for the Luohang II plant.

## FT WEATHER GUIDE

### Europe today

Rain will occur from Ireland to the west coast of Norway in the wake of a cold front which will move slowly south. Snow will fall on the Scottish Highlands above 500-800m. Ahead of the cold front, strong gale force winds will arrive over the Irish Sea and along the south-west coast of England.

North-east France, the Low Countries and Germany will be dull. An active depression will cause rainy periods in south-eastern Europe, and snow will fall in northern Turkey and higher parts of Greece. There will also be a cold north-easterly wind.

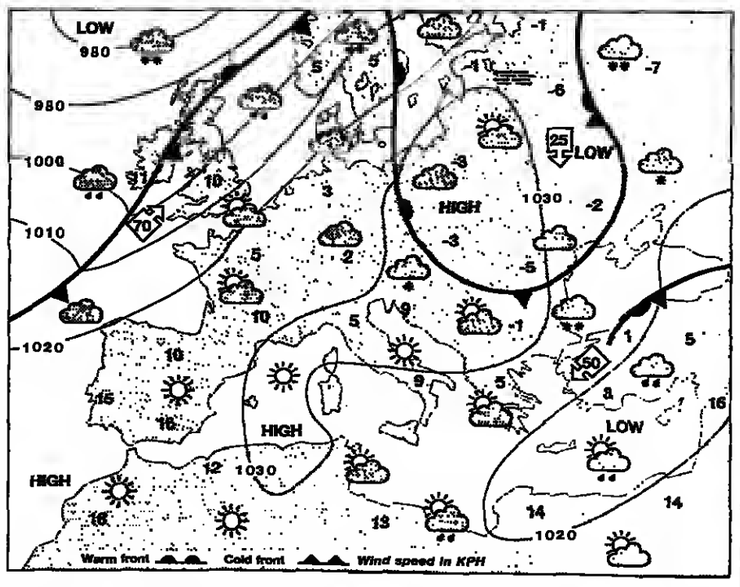
Eastern Europe will be mostly cloudy with local outbreaks of snow or freezing rain. Spain, Portugal and Italy will be sunny.

### Five-day forecast

Active depressions will move across the UK and on towards the north-east, causing unsettled conditions and some stormy winds over the North Sea. The south-west flow will push mild air further into north-eastern Europe.

A surge of cold air will keep temperatures unseasonably low in south-east Europe and there will be snow showers.

Rain will move into Spain and Portugal on Wednesday, to be followed by cooler air.




Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

| | | Maximum Celsius | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Beijing | sun | 4 | Caracas | fair | 29 | Faro | sun | 17 | Madrid | sun | 12 | Rangoon | fair | 33 |
| | | | Belfast | rain | 9 | Cardiff | rain | 10 | Frankfurt | cloudy | 0 | Majorca | sun | 14 | Reykjavik | cloudy | -8 |
| Abu Dhabi | sun | 28 | Belgrade | fair | -5 | Casablanca | sun | 18 | Geneva | fair | 2 | Malta | shower | 14 | Rio | fair | 28 |
| Accra | fair | 32 | Berlin | cloudy | 1 | Chicago | cloudy | 3 | Gibraltar | sun | 17 | Manchester | drzzl | 11 | Rome | sun | 11 |
| Algiers | sun | 12 | Bermuda | fair | 22 | Cologne | cloudy | 5 | Glasgow | rain | 11 | Manila | cloudy | 30 | S. Frsco | fair | 11 |
| Amsterdam | cloudy | 6 | Bogota | fair | 16 | Dakar | fair | 25 | Hamburg | cloudy | 5 | Melbourne | shower | 24 | Seoul | sun | 1 |
| Athens | shower | 7 | Bombay | sun | 30 | Dallas | fair | 21 | Helsinki | cloudy | 1 | Mexico City | sun | 23 | Singapore | cloudy | 31 |
| Atlanta | fair | 16 | Brussels | cloudy | 6 | Delhi | cloudy | 18 | Hong Kong | cloudy | 18 | Miami | fair | 23 | Stockholm | cloudy | 4 |
| B. Aires | fair | 33 | Budapest | cloudy | -4 | Dubai | sun | 26 | Honolulu | cloudy | 26 | Milan | sun | 5 | Strasbourg | cloudy | 1 |
| B.ham | cloudy | 8 | C.hagen | cloudy | 3 | Dublin | rain | 11 | Istanbul | sleet | 2 | Montreal | cloudy | 0 | Sydney | fair | 26 |
| Bangkok | sun | 33 | Cairo | cloudy | 15 | Dubrovnik | fair | 11 | Jakarta | thund | 29 | Moscow | snow | -7 | Tangier | sun | 17 |
| Barcelona | sun | 12 | Cape Town | fair | 29 | Edinburgh | rain | 11 | Jersey | fair | 9 | Munich | cloudy | 2 | Tel Aviv | fair | 18 |
| | | | | | | | | | Karachi | fair | 26 | Nairobi | fair | 26 | Tokyo | fair | 9 |
| | | | | | | | | | Kuwait | fair | 22 | Naples | fair | 11 | Toronto | cloudy | 5 |
| | | | | | | | | | L. Angeles | fair | 13 | Nassau | shower | 25 | Vancouver | cloudy | 6 |
| | | | | | | | | | Las Palmas | sun | 20 | New York | rain | 17 | Venice | sun | 6 |
| | | | | | | | | | Lima | cloudy | 27 | Nice | sun | 12 | Vienna | cloudy | -1 |
| | | | | | | | | | Lisbon | sun | 14 | Nicosia | rain | 10 | Warsaw | ice | -2 |
| | | | | | | | | | London | fair | 10 | Oslo | drzzl | 4 | Washington | rain | 19 |
| | | | | | | | | | Luxbourg | cloudy | 1 | Paris | fair | 5 | Wellington | fair | 20 |
| | | | | | | | | | Lyon | cloudy | 6 | Perth | sun | 33 | Winnipeg | snow | -12 |
| | | | | | | | | | Madeira | fair | 18 | Prague | ice | -1 | Zurich | cloudy | 0 |

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Robert Fleming & Co. Limited

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UBS Limited
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Taiwan
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Independent Capital

Philippines
Benpres Holdings Corporation
Offering of 16,675,000 Global Depositary Receipts raising US$180,090,000
Lehman Inc.
Jardine Fleming
Goldman Sachs (Asia) Limited
Baring Brothers & Co., Limited
Salomon Brothers International Limited

Malaysia
Aokam Perdana Berhad
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Independent Capital

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FINANCIAL TIMES
# COMPANIES & MARKETS

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Monday January 16 1995

## MARKETS THIS WEEK

**TONY JACKSON**
GLOBAL INVESTOR
Anyone looking for a definition of herd behaviour need look no further than the world's emerging markets. Although the financial crisis in Mexico is real and serious, investors have been stampeding out of markets from Thailand to Bulgaria. Page 18

**PETER NORMAN**
ECONOMICS NOTEBOOK
Heavy borrowers in the 1990s are being severely punished. Mexico quickly discovered that being a recent entrant to such rich-country clubs as the Organisation for Economic Co-operation and Development (OECD) or the North American Free Trade Agreement (Nafta) provided no protection from market disenchantment after December's devaluation and floating of the peso. Page 18

**BONDS:**
S.G. Warburg's decision to scale back its international bond market activities and effectively leave the eurobond markets could be a handicap for an investment bank which harbours global ambitions. Page 20

**EQUITIES:**
Friday's soaring market on Wall Street reopened the question of how much the Federal Reserve will raise interest rates at the end of the month, if at all. In the UK, equities have continued to drift down, but no more so than they have since the turn of the year. Page 21

**EMERGING MARKETS:**
Although the sharp falls in Latin American stock markets may have sullied the image of the emerging markets sector, optimists have been pointing to markets in Africa as beacons of hope. Page 19

**CURRENCIES:**
Following last week's turbulence, quality currencies should continue to attract risk-averse investors. This could prove flattering to the yen and D-Mark, but less so to the dollar. Page 19

**COMMODITIES:**
The world coffee market could this week be given some guidance in its search for direction following the retreat from last September's 8½-year highs. Page 18

**INTERNATIONAL COMPANIES:**
*Lukoil, the giant Russian group, is pressing ahead* with plans to absorb three other companies which it claims will make it the biggest oil company in the world in terms of proven reserves. Page 17

**UK COMPANIES:**
Professor Stephen Littlechild, electricity industry regulator, is expected to decide soon, possibly this week, on whether he believes the Trafalgar House bid for Northern Electric should be referred to the Monopolies and Mergers Commission. Page 16

**STATISTICS**


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Toothpaste group looks to escape stagnation in developed markets, writes **Richard Tomkins**

# Worry lurks behind the Colgate smile

In the world of toothpaste, Colgate-Palmolive, the US household products group, is king. But pitched against the two international giants of the consumer products industry, Procter & Gamble and Unilever, is it doomed to the status of an also-ran?

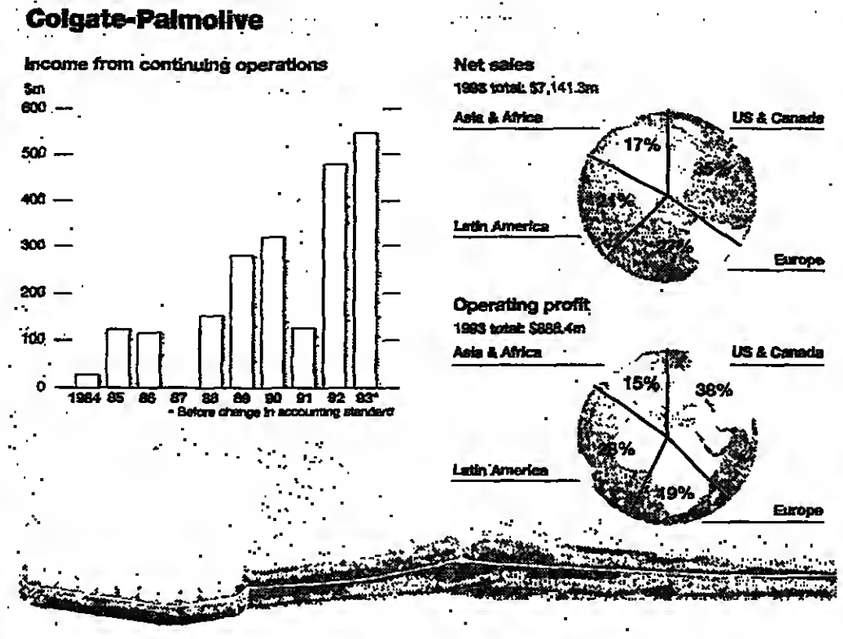
Last week, New York-based Colgate-Palmolive announced that it was spending $1.04bn to buy Kolynos, a South American toothpaste business, from American Home Products. The acquisition is large and will make Colgate-Palmolive the dominant toothpaste supplier in Latin America: but it may still leave doubts in some investors' minds about the outlook for the company.

Colgate-Palmolive ranks among the world's oldest consumer goods manufacturers. The 23-year-old William Colgate started making soap in 1806, close to where Manhattan's World Trade Centre stands today. Toothpaste followed in 1877 and soon after the turn of the century the company began expanding overseas.

Yet although Colgate-Palmolive's origins pre-date those of Procter & Gamble of the US and Europe's Unilever, the company has been overtaken by them in size. In 1993, Colgate-Palmolive had sales of $7.1bn, while Unilever's sales were £27.9bn ($43.7bn) and in the year to June 1994, Procter & Gamble's sales were $30.3bn.

Still best known for its toothpaste and soap, Colgate-Palmolive makes bathroom and kitchen products including Mennen antiperspirants and deodorants, Fab detergents, Ajax cleaners as well as Hill's pet foods.

Decades of overseas expansion have resulted in a company that now obtains two-thirds of its revenues from outside North America. Critics say this is just as well, because Colgate-Palmolive has been so badly whipped by Procter & Gamble and Unilever in the US and Europe that it is almost wholly reliant on its Latin American, Asian and African markets for growth.




Colgate-Palmolive has a reputation for being one of the less exciting US companies: particularly for its record of product innovation. Analysts say it has been constantly outmanoeuvred and thrown on to the defensive in the US, leaving it with shrinking market shares in its main products. In the third quarter of 1993, the company's North American sales volumes tumbled 7 per cent.

"They haven't been investing in product technology; they haven't been investing in advertising; they just don't seem to have been supporting the business across the board," says Ms Lynne Hyman, an analyst at CS First Boston. "They are not developing things that get the consumer to take notice."

In fairness, Colgate-Palmolive has not been entirely passive. Some new products have been introduced: for example Colgate Total, a toothpaste intended to protect against plaque, tartar, gum disease and cavities. Under Mr Reuben Mark, chairman and chief executive since 1984, the company has also been moving away from lower-margin household products into higher-margin personal care products: hence the acquisition of Mennen in 1992.

Perhaps most significantly, Colgate-Palmolive is heavily committed to further geographic expansion outside the mature markets of North America and Europe. This is because developing countries, with their rapidly growing markets, offer the prospect of fat margins and big increases in revenues.

Even before the Kolynos acquisition, Colgate-Palmolive was well represented in developing countries: they accounted for 38 per cent of sales in 1993, up from 33 per cent the year before. As these markets have grown, so have Colgate-Palmolive's gross profit margins: from 47.1 per cent in 1992 to 47.8 per cent in 1993.

Against this background, it becomes clear why Kolynos is important to Colgate-Palmolive. With annual sales of $300m, Kolynos has 25 per cent of toothpaste sales in Latin America. The acquisition will lift Colgate-Palmolive's share of the region's toothpaste market from 54 per cent to 79 per cent, and its share of the world toothpaste market from 43 per cent to 50 per cent.

Even so, Wall Street's caution is understandable. In the short term, Colgate-Palmolive's heavy dependency on emerging markets has done little to endear it to investors in the wake of Mexico's financial crisis. But more fundamentally, Colgate-Palmolive's profits growth has been showing disturbing signs of slowing.

In the nine months to September 1994, earnings per share rose by 12 per cent, but only because the company made extensive share repurchases. Net income rose by barely 4 per cent to $443.1m, because strong profits growth in emerging markets was offset by the company's poor performance in North America.

Optimistically, if Colgate-Palmolive can stop the rot in North America and counter the intensifying competitive pressures in Europe, the growth from its developing markets will shine through. But history does not suggest that Procter & Gamble and Unilever will stand idly by. Nor does history suggest that, in a three-cornered fight between Procter & Gamble, Unilever and Colgate-Palmolive, it will be Colgate-Palmolive that emerges triumphant.

# Saatchi directors seek name change

By Robert Peston and Diane Summers in London

Saatchi & Saatchi could change its name this week, depending on the outcome of the UK advertising group's first board meeting since Mr Maurice Saatchi was ousted as chairman before Christmas.

Mr Tom Russell, a Saatchi non-executive director, said that he would press at today's board meeting for the holding company to adopt immediately a new name which would not contain "Saatchi". Another Saatchi director wanted a new name to be imposed tomorrow, though company executives said there were technical difficulties in moving so quickly. The director said that immediately after a name change, the company should relaunch itself.

Meanwhile, Mr Russell was unconcerned by a threat from a US investor, Arkhurst Investments, to sue Saatchi & Saatchi's directors for damages stemming from Mr Saatchi's ousting.

The board removed Mr Saatchi on December 16 after a majority of shareholders indicated they would vote to replace him if directors did not act. Since then, Saatchi's share price has fallen by a third. Mr Russell did not believe there was a strong case against the directors: "Our projections of the worst case of client loss [stemming from Mr Saatchi's departure] is that we would lose something less than 5 per cent of revenues."

The board is also expected to discuss today steps being taken by Saatchi & Saatchi to evaluate whether it has a right to the $40m to be paid to Mr Saatchi and his brother Charles in settlement of a legal dispute between them and Mr Robert Louis-Dreyfus, former chief executive of Saatchi & Saatchi.

Sir Tim Bell, an adviser to Mr Saatchi, said Mr Saatchi's lawyers were confident the company had no right to the proceeds.

The dispute between Mr Louis-Dreyfus – now chief executive of sports shoe maker Adidas – and the Saatchi brothers was over whether the brothers had the right to participate in Adidas shares options, following an investment in Adidas shares they had made jointly with Mr Louis-Dreyfus. Mr Louis-Dreyfus said the brothers had paid £6,250 ($9,750) for their Adidas stake.

Temporary chairman, Page 10; Raffish image, Page 7

# Battle for London office group nears climax

By Simon London, Property Correspondent

The battle for Broadgate is set to reach a climax this week after the two sets of banks which control the prestigious London office development were close to accepting offers from different parties.

Bankers to Stanhope, which owns half of Broadgate Properties and has been in limbo since its credit facilities expired three weeks ago, have agreed in principle to a rescue offer from British Land, the property investment company run by Mr John Ritblat.

Yet bank creditors to Rosehaugh, Stanhope's former development partner, are believed to be close to accepting a revised £120m ($187m) offer from PosTel, the UK's largest pension fund, for the other half of Broadgate Properties.

Agreement with Rosehaugh's banks would, in theory, clear the way for PosTel's proposed rescue of Stanhope. This plan envisaged a £250m rights issue which would allow the company to repay its banks and buy the half of Broadgate Properties it does not already own.

However sources close to the negotiations said any agreement between the pension fund and Rosehaugh's banks may come too late.

A successful takeover of Stanhope would grant British Land pre-emption rights giving it the right of first refusal on Rosehaugh's half of Broadgate Properties. This would enable it to block PosTel.

Mr Ritblat therefore looks likely to succeed in his 11-month campaign to gain control of Broadgate, which started with the acquisition of a 29.9 per cent stake in Stanhope last February. Mr Stuart Lipton, Stanhope's founder and chief executive, fought a fierce legal battle to fend off British Land and is likely to leave the company if the takeover goes ahead.

While the exact terms of British Land's offer are unclear, it is believed to have offered Stanhope's banks' repayment of 82.5p in the pound on their £148m loans, valuing Stanhope at about £122m.

The 16-bank syndicate led by Barclays has accepted these broad terms, ending months of deadlock. The deal has been referred to the banks' head offices for approval and final agreement looks likely in the next few days.

Either way, Stanhope looks certain to avoid receivership although shareholders are unlikely to see much of a return.

## This week: Company news

US BANKS

### Overall advance expected despite recent concerns

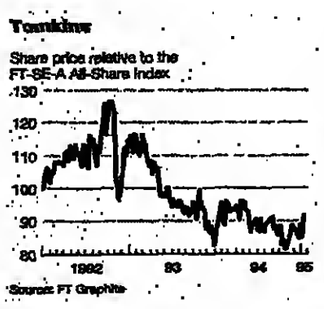
While interest rose in 1994 and bond markets tumbled, most US banks were enjoying a further year of strong profit growth. Just how strong will become clear tomorrow when an array of big money centre and regional banks report their latest results. Among those due: Chemical, Chase Manhattan, NationsBank, BancOne, Wells Fargo, KeyCorp, First Chicago and First Interstate.

All except First Chicago and BancOne should report double-digit growth in earnings per share. Strong loan demand and falling provisions for bad debts will underpin the figures, while lending margins have fallen only slightly as interest rates have risen. Some may follow BancOne in taking charges to cover the costs of restructuring their investment portfolios to guard against further interest rate increases, something that would back 1994 earnings gains but underpin 1995 net interest margins.

Lower trading profits at banks such as Chase and Chemical should be more than compensated for by stronger consumer and other lending. Only Bankers Trust (which is expected to report results late in the week) will follow J.P. Morgan in reporting a big decline in net income due to the turmoil in financial markets.

Citicorp has already pre-empted the rest by rushing out most details of its results early in an effort to calm market concerns about the effects of Mexico's financial crisis. However, the bank's board will still meet tomorrow to finalise the figures, and to decide whether to approve a widely-expected dividend increase.

PaineWebber's estimates for 1994 earnings per share at leading US banks include: BankAmerica, $5.35 (1993: $4.76); Bankers Trust, $7.55 ($12.29); Chase Manhattan, $6.10 ($4.79); Chemical, $5.35 ($4.31); and NationsBank, $6.20 (4.95).




TOMKINS

### Food businesses whet analyst appetites

Tomkins, the industrial conglomerate, today announces interim profits which are expected to rise from £93.8m to between £106m and £110m ($172m).

The UK-based group will have continued to benefit from the growth of its US housing-related and industrial markets and from the more recent recovery in its UK industrial businesses. But the market will focus more on the extent to which the food businesses, acquired through the £890m takeover of Ranks Hovis McDougall in October 1992, are responding to Tomkins' actions. Although the trading background is flat, analysts expect the restructuring programme and the introduction of new products to show through strongly. Some predict a rise of almost 30 per cent in the food businesses' profits, with the Mr Kipling and Cadbury cakes operations showing some improvement.

In the US, Tomkins will have enjoyed some very buoyant trading conditions, with some of its housing and industrial markets showing volume growth of almost 20 per cent. Margins are also expected to have shown further improvement and sharply increased profits are forecast at gummaker Smith & Wesson.

Kleinwort Benson's analysts are predicting a 14 per cent increase in fully diluted earnings per share to 6.3p and an interim dividend up 15 per cent to 2.4p.

OTHER COMPANIES

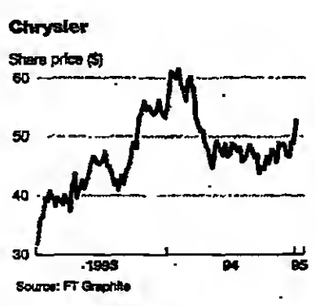
### Chrysler accelerates with record sales

The smallest of the three US auto manufacturers broke its previous sales record with 2.2m vehicles last year, and should follow up with record profits when it announces its results tomorrow.

The factories making Chrysler's most popular vehicles continued to struggle to meet demand, despite working flat out, and prices on some models have been raised.

According to the most optimistic estimates, earnings per share for the final three months of the year could top $2.50, even before a possible one-time tax credit. That would take full-year earnings to more than $9.00, up from $5.65 in 1993, estimates Mr David Healy, an auto industry analyst at SG Warburg in New York.

With a stock-repurchase programme already announced for this year and the prospect of further growth in vehicle sales, estimates for 1995 earnings range from $10 to more than $12.




■ **Intel:** The world's largest chipmaker will report its year-end results on Tuesday and Wall Street is expecting a record performance for the fourth quarter. Intel may also reveal the cost of the uproar surrounding a flaw in its Pentium microprocessors that forced it to offer replacement chips to users of Pentium-based personal computers. Intel plans to take a charge against fourth-quarter earnings for replacing the chips.

■ **Apple Computer:** The US personal computer company will report its first fiscal quarter results on Thursday amid renewed speculation that it may be the target of a takeover bid.
Strong sales of Apple's Power Macintosh models, based on the PowerPC chip developed with IBM and Motorola, together with high demand for its consumer and laptop PCs will boost first-quarter earnings to around $1.09 a share from 34 cents last year, analysts predicted.

■ **First Choice Holidays:** The UK group, formerly known as Owners Abroad, will tomorrow announce annual profits before exceptionals of about £22m ($34m), up from £17.8m.

■ **Photo-Me International:** The world's largest photo-booth manufacturer and operator is expected on Wednesday to announce interim pre-tax profits of £9.5m ($14.8m), little changed from last time's £10.5m.

**Companies in this issue**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*This announcement appears as a matter of record only*
December 1994

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## COMPANIES AND FINANCE

# Littlechild to decide soon on Northern

By Michael Smith

Professor Stephen Littlechild, electricity industry regulator, is expected to decide soon, possibly this week, on whether he thinks the Trafalgar House bid for Northern Electric should be referred to the Monopolies and Mergers Commission.

His views, unlikely to be made public initially, will be taken into account by the Office of Fair Trading when it makes its recommendations to the government at the end of this month or in February.

Trafalgar argues there are no competition issues for the MMC to consider but Northern is pressing for a referral on "public interest" grounds.

City analysts doubt whether either Prof Littlechild or the OFT will recommend referral but most believe the government will be more inclined to send the issue to the MMC rather than make any final decision on such a politically sensitive issue.

The row over dealings by Swiss Bank, which is advising Trafalgar, in other power companies's shares have heightened the controversy surrounding the bid and, some analysts believe, the chances of a referral.

Lawyers are more sceptical about Northern's chances of a referral. Few analysts or lawyers believe that the MMC would halt a takeover or materially affect it.

The OFT normally tries to make a recommendation by a bid's first closing date, in this case January 30. However lawyers believe the recommendation may slip into February.

The government will need to make a decision on referral by February 17 to avoid delaying the bid timetable. Under the City's Takeover Code, the timetable would be suspended if the government made no decision by the 39th day of the bid. Trafalgar launched its takeover on January 9.

Northern, supported by local MPs including at least one Tory, Mr Neville Trotter, argues that the public interest issues include the fact that Trafalgar is making the first attempted takeover for any of the privatised utilities.

"As natural monopolies, regional electricity companies have characteristics which go beyond the normal confines of a public company," it says and suggests guidelines should be established now.

In its submission to Offer, the electricity industry regulator, it says there are regulatory issues to be addressed by the bid including the resources which Trafalgar would provide for Northern and the information it would be required to give.

It also says there could be a "loss of regional identity" for the company if the bid was successful because it would be part of a conglomerate.

Trafalgar says there is no precedent of the MMC preventing a takeover for regional identity reasons. It has promised to keep the company's headquarters in Newcastle upon Tyne. "We have done everything we can to minimise regional impact," said one adviser.

Trafalgar argues there are no fair trading issues to be addressed and that regulatory matters could be dealt with by discussions with Prof Littlechild. "We can provide him with all the comfort he needs."

According to Trafalgar the MMC's role is to look at mergers and takeovers on a case-by-case basis. It would be unable to set guidelines covering future mergers and takeovers in the sector, it argues a referral would undermine the government's competition policy.

### Chairman urges private shareholders to ignore offer

Northern Electric has written to its 120,000 private shareholders strongly urging them to reject the £1.2bn hostile bid by Trafalgar House, writes Scheherazade Daneshkhu.

In a letter dated January 14, Mr David Morris, chairman, advised the shareholders to ignore the bid and not to complete any forms of acceptance.

Mr Morris is to write again to private shareholders, who own 20 per cent of the stock, on January 23 explaining the board's arguments against what he termed "this unwelcome takeover bid". The first closing date for the offer is January 30.

The Northern Council of the Labour Party said on Saturday in Newcastle that if the Trafalgar bid succeeded, it would be "highly detrimental" to the north-east of England.

# Zotefoams joining market in placing valued at £50m

By Tim Burt

Bill Fairservice, right, and Roger Elmhirst, chairman: technological expertise inherited from BP won 85% of market

Zotefoams, the manufacturer of specialist foams used in products including children's toys, body armour and aircraft seats, is planning to come to the market through a flotation valuing the group at £50m.

The former subsidiary of BP Chemicals wants to use funds from an institutional placing to clear the way for a £7.5m expansion, aimed at exploiting its position as the UK's leading supplier of "cross-linked polyethylene foam".

The placing is expected to raise £15m, of which £9.2m will be used to repay preference shares held by venture capital groups and the remainder to reduce £5m of bank borrowings.

If the placing is fully taken up, the group hopes to use new borrowing facilities to increase capacity by 20 per cent and launch an export drive in Japan, the largest market for polyethylene foam.

Such foam is sold mainly to the sports and leisure industry, where it is a basic component in swimming aids and outdoor equipment. It is also used widely in packaging, healthcare and construction.

Growing demand in those sectors helped lift Zotefoams' pre-tax profits by 38 per cent last year to an estimated £4.4m (£2.82m), with operating margins widening from 19 per cent to 31 per cent.

BP Chemicals provided the platform for those profits by investing heavily in new plant and machinery before selling the business to a management buy-out team for £20m in 1992.

Dr Bill Fairservice, managing director, said the company has used the technological expertise inherited from BP to win 85 per cent of the UK market for cross-linked polyethylene foam and now boasted sizeable sales in North America and continental Europe.

The placing will be sponsored by NatWest Markets, with Cazenove as broker.

# Argos sales 17% up in pre-Christmas period

By Nigel Clark

Argos, the catalogue retailer, reported a sales advance of 17 per cent in the five weeks leading up to Christmas.

Mr Bob Stewart, finance director, said the increase, split equally between new and existing stores, was slightly ahead of expectations, particularly as 1993 had seen a rise of 18 per cent.

Unlike other retailers, which have reported a rush in the week before Christmas, Argos experienced a steady build up from mid-November allowing it to keep to its advertising and promotional plan.

Mr Stewart said the rise had been across the product range, but he had been impressed by toy sales, "which are an important product range at this time of year". He added that it sold all the Power Rangers it had been able to obtain.

Over the full 1994 year sales advanced by 13 per cent with higher growth in the second half because of new stores.

### CROSS BORDER M&A DEALS

| BIDDER/INVESTOR | TARGET | SECTOR | VALUE | COMMENT |
|---|---|---|---|---|
| Grand Metropolitan (UK) | Pet (US) | Food | £1.7bn | GrandMet global move |
| Sodexho (France) | Gardner Merchant (UK) | Catering | £730m | Successful MBO exit looms |
| Xerox (US) | Rank Xerox (UK/US) | Office equipment | £620m | Xerox ups stake to 71% |
| Siemens (Germany) | Pyramid Technology (US) | Computer services | £133m | Talks under way |
| PolyGram (Netherlands) | ITC Entertainment (UK/US) | Film & Television | £100m | Further sector restructuring |
| Unigate (UK) | Vedial/Propidal (France) | Food | £65.1m | Europe dairy market entry |
| Jantor (Netherlands) | Units of Hazlewood Foods (UK) | Food | £59m | Strategic disposals continue |
| Citic (China) | Portman Mining (Australia) | Mining | £18.7m | Taking controlling interest |
| Lombard North Central (UK) | Seltra (France) | Financial services | £6.9m | JV with Lex Service |
| British Telecom (UK)/Viag (Germany) | Viag Interkom (JV) | Telecoms | n/a | Important step for BT |

# Avonmore closes German arm

Avonmore Foods, the Irish dairy and meat group, has ceased operations at its German subsidiary, Harzland Fleisch Service.

Harzland, which specialised in fresh meat processing, had net assets of £1.8m on January 1. Avonmore attributes some 73 per cent of its turnover to overseas business. It announced a 9 per cent drop in interim profits to I£10.1m (£9.99m) in September.

While a restructuring had brought about some improvements in Harzland's performance it was not found possible to eliminate trading losses.

The costs associated with the closure will be incorporated in Avonmore's 1994 accounts, with a cash impact of £1.3m.

# Whitecroft in German acquisition

By Ian Hamilton Fazey, Northern Correspondent

Whitecroft, the Cheshire-based commercial lighting, building products, medical cotton fibre and textiles group, has made its first acquisition since 1990, when its overvalued property portfolio almost destroyed it.

It has paid DM4.3m (£1.85m) for ETS Bogaerts of Aschaffenburg, near Frankfurt, a specialist in trimmings such as trouser waistbands and pocketings. The company claims second place in the German domestic trimmings market.

The business will be run by Hevatex, Whitecroft's Netherlands trimmings subsidiary. Combined with Britton, its UK counterpart, Whitecroft's turnover in the EU trimmings market will be about £17.5m out of the group's textiles sales of about £40m.

Bogaerts made DM650,000 in the first 11 months of last year on turnover of DM9.15m. Whitecroft said the German trimmings market was Europe's biggest.

## NEWS DIGEST

### Abbeycrest turnover 12% ahead

Abbeycrest, which designs and makes jewellery, said in a trading update that sales for the 12 months to December 31 were 12 per cent ahead of the previous year.

It was anticipated that the pre-tax result for the extended 14-month period to the end of February would be in line with market expectations.

The results will be issued in May.

### Sleepy Kids

Shares in Sleepy Kids closed 2p down at 49p following reports that the company may be contemplating a rights issue after it changed its broker from Shaw & Co to Butterfield Securities.

The animation and character merchandising group, which raised £1.2m with a rights issue in June 1993, said it had "no plans to raise equity finance of any nature in the foreseeable future".

### F&C EMIT

Foreign & Colonial Emerging Markets Investment Trust announced on Friday that its C shares would be converted into new ordinary shares on an approximate 0.76995-for-1 basis.

In addition, new warrants will be issued to the former C shareholders on a 1-for-5 basis. Fractions of new ordinary shares and new warrants arising on conversion will not be allotted.

Application has been made for 87.5m new ordinary shares and 17.5m new warrants arising on conversion to be admitted to the official list.

Conversion of the C shares will take place on January 13.

### Allied Colloids

Allied Colloids has, subject to contract, sold its Atlas Interlates agrochemical formulation and marketing business to Whyte Chemicals for an undisclosed amount.

As of February 1 the Atlas branded products will be marketed by Atlas Crop Protection, which will be a Whyte Chemicals subsidiary.

A number of Atlas sales staff will be transferring with the business in order to maintain continuity with existing Atlas customers.

In the year to April 1 1994 Atlas had sales of £5.4m and net assets of £10.4m.


NORTHAM PLATINUM LIMITED
("Northam")
(Registration No. 77/05282/06)
(Incorporated in the Republic of South Africa)

TERMS OF THE RIGHTS OFFER

On 6 January 1995 Northam announced its intention to raise approximately R500 million by means of a rights offer. Northam now advises that the terms of the rights will be as follows:

Shareholders in Northam will be granted the right to subscribe for 20 448 000 linked units ("units") in Northam at a price of R25,00 per unit in the ratio of 25 units for every 100 shares held at the close of business on 20 January 1995. Each unit will consist of five (5) shares of 1 cent each and one (1) option. Each option will entitle the holder to subscribe for a further one (1) share at any time between 1 March 1995 and noon on 31 December 1997 at a subscription price of R7,50 per share.

This rights offer will be underwritten by Gold Fields of South Africa Limited.

The Johannesburg Stock Exchange
Application has been made to The Johannesburg Stock Exchange for a listing of the renounceable (nil paid) letters of allocation, representing linked units, commencing with effect from Monday, 23 January 1995, and for separate listings of the new shares and options from Thursday, 16 February 1995.

The London Stock Exchange
Dealings will commence on The London Stock Exchange in the renounceable (nil paid) letters of allocation under Rule 2.1 (a) (v) on Monday, 23 January 1995 and in the new shares and options separately under Rule 2.1 (a) (v) on Thursday, 16 February 1995.

Circular/Letter of allocation
A circular containing full details of the rights offer will be posted to shareholders on 27 January 1995 and will be accompanied by a renounceable (nil paid) letter of allocation setting out the entitlement of the person to whom the circular is addressed.

Salient Features of the Technical and Economic Progress Report for Northam Platinum Limited
A summary of the salient features of the report by Gold Fields of South Africa Limited on the technical and economic progress of Northam Platinum Limited contained in the circular referred to above will be posted to shareholders on 16 January 1995. Copies of this summary will be available from the company's registered and transfer offices and at the offices of Fergusson Bros., Hall Stewart & Co. Inc and Cazenove & Co.

Registered Office
75 Fox Street
Johannesburg 2001

Brokers to the Issue
(In the Republic of South Africa)
FB HS Fergusson Bros., Hall Stewart & Co. Inc.
(Registration No. 72/08905/21)
(Member of the Johannesburg Stock Exchange and the South Africa Futures Exchange)

Transfer Offices
(In the Republic of South Africa)
Gold Fields of South Africa Limited
PO Box 61595
Marshalltown
2107

(In the United Kingdom)
Gold Fields Corporate Services Limited
Greencoat House
Francis Street
London SW1P 1DH

(In the United Kingdom)
Cazenove & Co
(A member firm of The Securities and Futures Authority and of the London Stock Exchange)

Johannesburg 16 January 1995



The Financial Times plans to publish a Survey on

The Humber Ports: Gateway to Europe

on Monday, July 3 1995

- The FT is circulated in 160 countries worldwide, with a readership in excess of one million people.
- The Weekday FT is read by 139,000 senior business people in Great Britain.
- More UK business people read the FT than any other National Daily Newspaper.
- More than half of Europe's top Chief Executives read the FT.
- The FT reaches more Captains of Industry in Great Britain than any other national newspaper.

For a full editorial synopsis and details of available advertisement positions, please contact:-

Pat Looker or Brian Heron

Tel: 0161 834 9381 Fax: 0161 832 9248

Alexandra Buildings, Queen Street, Manchester M2 5LF

Data sources: BMRC 1993, EBRS 1993, CDI 1992

FT Surveys


Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh | Post Prices for Trading on [illegible]: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 9.90 | 9.81 | 12.62 |
| 0100 | 45.86 | 48.50 | 49.51 |
| 0130 | 45.86 | 48.50 | 49.51 |
| 0200 | 45.86 | 48.50 | 49.51 |
| 0230 | 20.31 | 32.21 | 38.22 |
| 0300 | 10.12 | 32.21 | 35.22 |
| 0330 | 10.12 | 32.21 | 35.22 |
| 0400 | 10.12 | 9.81 | 12.62 |
| 0430 | 9.90 | 9.08 | 9.08 |
| 0500 | 9.70 | 8.92 | 8.92 |
| 0530 | 8.51 | 8.89 | 8.89 |
| 0600 | 8.51 | 8.83 | 8.83 |
| 0630 | 8.51 | 8.83 | 8.83 |
| 0700 | 8.51 | 8.83 | 8.83 |
| 0730 | 8.51 | 8.60 | 8.60 |
| 0800 | 8.80 | 8.80 | 8.80 |
| 0830 | 8.51 | 8.60 | 8.60 |
| 0900 | 8.19 | 9.01 | 9.01 |
| 0930 | 9.90 | 9.08 | 9.08 |
| 1000 | 10.23 | 9.70 | 12.70 |
| 1030 | 10.23 | 28.40 | 31.41 |
| 1100 | 18.07 | 38.79 | 39.80 |
| 1130 | 29.28 | 38.79 | 39.80 |
| 1200 | 40.84 | 38.79 | 39.80 |
| 1230 | 75.31 | 46.71 | 49.72 |
| 1300 | 75.31 | 46.71 | 49.72 |
| 1330 | 42.07 | 40.71 | 40.72 |
| 1400 | 79.28 | 35.77 | 38.75 |
| 1430 | 18.07 | 33.58 | 36.59 |
| 1500 | 10.23 | 33.58 | 36.59 |
| 1530 | 10.23 | 10.02 | 10.02 |
| 1600 | 9.70 | 10.06 | 10.06 |
| 1630 | 10.23 | 34.80 | 37.81 |
| 1700 | 28.23 | 34.81 | 37.82 |
| 1730 | 41.42 | 49.00 | 52.01 |
| 1800 | 85.40 | 49.00 | 52.01 |
| 1830 | 47.41 | 47.09 | 50.10 |
| 1900 | 41.41 | 38.43 | 41.44 |
| 1930 | 40.39 | 38.43 | 41.44 |
| 2000 | 40.38 | 38.43 | 41.44 |
| 2030 | 35.80 | 34.80 | 37.81 |
| 2100 | 35.80 | 34.80 | 37.81 |
| 2130 | 35.80 | 32.93 | 35.94 |
| 2200 | 28.22 | 34.51 | 37.52 |
| 2230 | 10.23 | 32.93 | 35.94 |
| 2300 | 9.90 | 9.15 | 9.15 |
| 2330 | 9.65 | 9.09 | 9.09 |
| 2400 | 9.70 | 9.09 | 9.09 |

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.66/MWh becomes 1.866p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes might [illegible]) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone [illegible] between 8.30am and 5.15pm Monday to Friday.
©Energy Settlements and Information Services Limited

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

| 1/2 hour period ending | Provisional Prices for Trading on [illegible]: Pool purchase price £/MWh | Post Prices for Trading on [illegible]: Pool purchase price £/MWh | Pool selling price £/MWh |
|---|---|---|---|
| 0030 | 9.90 | 9.14 | 9.14 |
| 0100 | 21.90 | 19.31 | 21.88 |
| 0130 | 32.33 | 28.00 | 32.17 |
| 0200 | 32.33 | 28.60 | 32.17 |
| 0230 | 30.91 | 19.31 | 21.88 |
| 0300 | 30.91 | 19.70 | 13.27 |
| 0330 | 30.91 | 19.73 | 13.27 |
| 0400 | 10.23 | 8.29 | 9.29 |
| 0430 | 9.90 | 9.09 | 9.09 |
| 0500 | 9.70 | 9.09 | 9.09 |
| 0530 | 10.08 | 9.08 | 9.08 |
| 0600 | 9.80 | 9.14 | 9.14 |
| 0630 | 9.90 | 10.93 | 10.93 |
| 0700 | 10.07 | 31.08 | 33.83 |
| 0730 | 30.65 | 31.08 | 33.83 |
| 0800 | 37.09 | 38.72 | 41.34 |
| 0830 | 50.20 | 32.84 | 35.41 |
| 0900 | 42.02 | 40.98 | 44.08 |
| 0930 | 45.80 | 48.38 | 51.57 |
| 1000 | 93.15 | 48.80 | 52.09 |
| 1030 | 94.10 | 48.69 | 51.88 |
| 1100 | 58.95 | 48.29 | 51.88 |
| 1130 | 42.57 | 45.63 | 48.75 |
| 1200 | 58.90 | 45.63 | 48.76 |
| 1230 | 48.20 | 45.31 | 48.36 |
| 1300 | 39.76 | 44.89 | 47.81 |
| 1330 | 53.28 | 34.57 | 37.38 |
| 1400 | 52.38 | 34.50 | 37.39 |
| 1430 | 51.84 | 34.64 | 37.48 |
| 1500 | 51.57 | 35.11 | 38.08 |
| 1530 | 52.10 | 41.88 | 43.90 |
| 1600 | 25.74 | 81.10 | 94.40 |
| 1630 | 118.43 | 165.46 | 195.28 |
| 1700 | 273.95 | 281.71 | 324.18 |
| 1730 | 472.33 | 337.49 | 378.80 |
| 1800 | 382.70 | 258.27 | 288.28 |
| 1830 | 179.65 | 136.68 | 153.57 |
| 1900 | 90.85 | 80.94 | 90.38 |
| 1930 | 68.78 | 57.81 | 63.18 |
| 2000 | 44.69 | 42.00 | 45.34 |
| 2030 | 38.25 | 31.86 | 34.33 |
| 2100 | 34.78 | 41.90 | 44.90 |
| 2130 | 33.97 | 31.09 | 34.07 |
| 2200 | 33.94 | 31.08 | 33.83 |
| 2230 | 33.83 | 31.08 | 33.83 |
| 2300 | 32.67 | 31.09 | 33.83 |
| 2330 | 24.57 | 11.08 | 13.02 |
| 2400 | 10.06 | 11.06 | 13.09 |

[illegible]


This advertisement is issued in compliance with the requirements of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The London Stock Exchange"). It does not constitute an offer or invitation to any person to subscribe for or purchase any securities in Scottish Radio Holdings plc ("the Company").
Application has been made to The London Stock Exchange for all the Company's issued share capital currently traded on the Unlisted Securities Market to be admitted to the Official List. It is expected that Admission to the Official List will become effective and that dealings will commence on Thursday 19 January 1995.

Scottish Radio Holdings plc

(Incorporated in the United Kingdom and Registered in Scotland under the Companies Act 1985 with registered number SC063761)

Introduction to the Official List
Sponsored by
Allied Provincial Securities Limited

Share Capital

| Authorised Number | Authorised Amount | | Issued and fully paid Number | Issued and fully paid Amount |
|---|---|---|---|---|
| 10,000,000 | £2,500,000 | ordinary shares of 25p each | 9,221,385 | £2,305,346 |

Copies of the exempt Listing Document in relation to the Company may be obtained during normal business hours up to and including 17 January 1995 from Company Announcements, The London Stock Exchange, London Stock Exchange Tower, Capel Court Entrance, off Bartholomew Lane, London EC2N 1HP (for collection only) and up to and including 31 January 1995 from:

Allied Provincial Securities Ltd, 155 St.Vincent Street, Glasgow G2 5NN
Scottish Radio Holdings plc, Clydebank Business Park, Clydebank, Glasgow G81 2RX
Allied Provincial Securities Ltd, 51-55 Gresham Street, London EC2V 7EH

16 January 1995



KOREA GROWTH TRUST
International Depositary Receipts (IDR)
evidencing
Beneficial Certificates representing 1,000 units

Notice is hereby given to the Unitholders that Korea Growth Trust, managed by Citizens Investment Trust Management Co. Ltd., Seoul, declared a distribution of won 208,000 per IDR of 1,000 units payable on or after February 3, 1995.

Payment of coupon number 10 of the International Depositary Receipts will be made in US dollars at one of the following offices of Morgan Guaranty Trust Company of New York:

New York, 60 Wall Street
Brussels, 35, Avenue des Arts
London, 60, Victoria Embankment
Frankfurt, 44/46, Mainzer Landstrasse
Zurich, 38, Stockerstrasse

The amounts of dollars shall be the net proceeds of the sale by the Fund of the won amount in a foreign exchange bank in the Republic of Korea at its "spot rate" on February 3, 1995.

The proceeds of the coupons presented after February 3, 1995 will be converted into US dollars at the prevailing spot rate of the day following their presentation, and will be distributed to the Unitholders in proportion to their respective entitlements and after deduction of all taxes and charges of the Depositary.

Holders residing in a country having a double taxation treaty with the Republic of Korea may obtain payment of their coupons at a lower rate of the Korean non-residen withholding tax, on condition they furnish to either the Depositary or through one of the designated sub-paying agents a certificate showing their residence together with a copy of the Certificate of Incorporation or a copy of the passport for individuals. Those documents are requested by the Korean National Tax Administration Office as evidence of residence and without them the full rate of 26,875 pct Korean non-resident withholding tax will be retained.

With respect to the Korea Growth Trust Prospectus and pursuant to clause 18(D) of the Trust Deed notice is also given that, as from June 30, 1995, payment of coupon number 10 will be made under deduction of 26,875 pct of the Korean withholding tax.

Depositary: Morgan Guaranty Trust Company of New York, 35, Avenue des Arts, B-1040 Brussels



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Net Asset Value
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CMEC China Industrial Holdings Limited
(an exempted company incorporated with limited liability in the Cayman Islands)
11th January, 1995

# Russian oil group merger plan nears completion

By John Thornhill in Moscow

Lukoil, the giant Russian group which accounts for about one-eighth of the country's oil output, is pressing ahead with plans to absorb three other companies, a move which it claims will make it the biggest oil company in the world in terms of proven reserves.

The company, which dominates the west Siberian oil-producing region, has for several months been trying to incorporate Permneft, Nizhnevolzhskneft and Kaliningradmorneftegaz, thereby increasing its oil output by almost one quarter.

Mr Vagit Alekperov, Lukoil's president, last week told a board meeting that the three companies had finally accepted merger proposals and the deal was completed except for technical formalities.

Lukoil's board has also decided to unify its shareholding structure, which is seen as an essential pre-condition for raising money in western capital markets.

The company aims to raise more than $3bn by selling 15 per cent of its equity abroad. However, potential investors have pressed the company to create a unified shareholding structure in place of its three separately-quoted operating companies – Kogalymneftegaz, Langepasneftegaz and Urainefteguz.

Lukoil announced that its oil output fell by 11 per cent last year to 43.6m tonnes as the company continued to experience production problems. About 2,000 wells stood idle at the beginning of 1994 and production is forecast to fall to 42m tonnes this year.

However, Lukoil's output would rise to more than 52m tonnes if it successfully absorbed the three targeted companies. Western oil executives dispute the methodology used to calculate Russian oil companies' reserves.

Lukoil exported more than 10m tonnes of oil last year, earning $1bn in hard currency. This year, it plans to export 15m tonnes of oil and 5m tonnes of petroleum products, raising its hard currency earnings to $2bn.

The Russian government has recently liberalised the oil export regime, lifting export quotas and allowing domestic prices to climb towards world levels, which are three times higher.

Lukoil believes it will be one of the biggest beneficiaries of this liberalisation, although it is still not clear how the regime will work in practice or how pipeline access will be allocated.

# Lisbon approves offer for BTA

By Peter Wise in Lisbon

Portugal has approved an agreed bid by Mr António Champalimaud, a Portuguese industrialist, to buy 50 per cent of Banco Totta e Açores (BTA) from Banco Español de Crédito (Banesto), the Spanish bank, for Es153bn ($969m).

The move suggests the government is ready to accept Mr Champalimaud's condition that he be exempted from making a bid for 100 per cent of BTA. However, the deal must also be approved by the Securities and Exchange Commission, whose president has said an exemption is not possible under current law.

Three groups would control more than 65 per cent of the banking sector's total assets if two bids now approved by the government are successful. The biggest is state-owned Caixa Geral de Depósitos, with a market share of 24.5 per cent.

An Es300bn bid led by Banco Comercial Português (BCP) for 100 per cent of Banco Português do Atlântico (BPA) would create the second-largest group, with 23.3 per cent of the market. Mr Champalimaud would control a group with a market share of 17.6 per cent if he acquires BTA.

The main government reason for approving both bids was to ensure the shareholding stability of BTA and BPA. Banesto's direct and indirect control of 50 per cent of BTA is contested by Portugal, which set a limit of 25 per cent on foreign ownership.

BPA's core shareholders, a group of 13 Portuguese companies who own 23 per cent, have failed to define a focused strategy for the bank and have shown signs of increasing discord since BCP launched a first, unsuccessful bid for control last July.

# Warsaw privatises Krakow bank

By Chris Bobinski in Warsaw

The Polish government's bid to privatise one of the country's largest banks, the Krakow-based Bank Premyslowo Handlowy (BPH), has succeeded after local and foreign investors offered to purchase 3m shares, or 30 per cent of the bank's equity.

A further 1.6m shares are to be taken up by the European Bank for Reconstruction and Development, and Daiwa Europe has placed another 473,000 shares of the 5.2m on offer, which amounted to 50.1 per cent of BPH's equity.

Forthcoming purchases of stock by bank employees will put over half of the BPH's capital in private hands.

The initial public offering price, fixed at 70 new zlotys ($28.86) at a special weekend session of the Warsaw stock exchange, gives the bank a market capitalisation of $300m.

The sale is the third in Poland's privatisation programme of the nine state-owned banks hived off from the central bank in 1989. It opens the way for western governments to hand over a $600m grant, which is conditional on Poland making progress in privatising the banking system.

# European takeover activity recovers

By Nicholas Denton

Cross-border takeover activity in Europe has regained levels last seen at the beginning of the 1990s, according to two studies released at the weekend.

The total value of deals involving a European target company rose by 37 per cent to £39.4bn ($62bn) in 1994, calculations by Acquisitions Monthly magazine showed. Acquirers were nearly as busy as in 1990, the peak of the last cycle, when they spent £40.4bn on international transactions in Europe.

Statistics to be published today by IFR Securities Data give the value of M&A deals worldwide in 1994 as $437m, up 35 per cent on 1993.

The reports show the merger and acquisition boom in the US is spreading to Europe. The popularity of the UK, France, Spain and Italy grew, while buying in Germany and Sweden was lacklustre.

The flow of cross-border deals completed fell off in the second half of the year as rising interest rates caused companies to reconsider their expansion plans but investment bankers said any slowing was temporary.

Securities Data said US acquisitions of European companies grew by 84 per cent in 1994 and Mr Ed Annunziato, head of European M&A at Merrill Lynch, the US investment bank, said US interest was strengthening. "The devaluation in Mexico has created more scepticism about emerging markets. The stability of the environment here makes for more secure investment."

Robust economic growth in continental Europe, the rebuilt financial balances of potential acquirers and continuing pressure for rationalisation underpin widespread optimism among corporate financiers.

The belief that continental European markets are opening up to foreign investment is also a source of confidence. Germany, which some investment bankers term the "sleeping giant" of M&A, is expected to provide much advisory work.

# Fininvest chief to step down

By Andrew Hill in Milan

Mr Franco Tatò is planning to step down as managing director of Fininvest, the diversified family holding company owned by Mr Silvio Berlusconi, Italy's outgoing prime minister.

Mr Tatò, 62, took over as group managing director in October 1993, with a mandate to impose firmer executive control and pursue plans for a restructuring and reduction of debt, which stood at L3,800bn ($2.35bn) at the end of 1993.

He is expected to return full time to his previous job as chief executive of Mondadori, Fininvest's quoted publishing subsidiary. The move will give him more opportunity for hands-on management, which he considers his main skill.

Franco Tatò: expected to return to Mondadori

The decision comes at a delicate moment for Mr Berlusconi. Mr Lamberto Dini, Italy's treasury minister, was given a mandate on Friday to form a new government. If he is successful, Mr Berlusconi will be left languishing on the fringe of government at least until new elections can be held.

Mr Berlusconi's move into politics a year ago – taking with him many Fininvest managers – has already unsettled the group, which includes property, television, financial services and retailing interests. The question mark over his future could add to uncertainty in the company, at a time when restructuring is only partially complete.

Mr Tatò masterminded last year's flotation of 53 per cent of Mondadori on the Milan stock exchange, raising nearly L1,000bn to reduce debt. He also oversaw the L971bn sale of Euromercato, the hypermarket chain, to the private holding companies of the Benetton family and Mr Leonardo Del Vecchio, head of Luxottica, the US-quoted spectacle frame manufacturer.

The Euromercato sale was finalised last Thursday, but the company last week denied that he had fallen out with top management over the decision to sell Euromercato separately from the loss-making Standa chain of supermarkets.

The group also stressed that Mr Tatò was likely to stay at the helm of Fininvest at least until the approval of 1994 accounts and the appointment of a successor. The 1994 balance sheet should show a marked improvement in Fininvest's debt situation.

# Stet bids for sole Czech Telecom stake

By Vincent Boland in Prague

Stet International is going it alone in its bid to win the international tender for a stake in SPT Telecom, the Czech Republic's national telephone operator.

The Italian telecommunications group confirmed last week that it will not be entering a consortium prior to submitting a preliminary bid for the 27 per cent stake, which the Czech government is offering for up to $1bn.

"Working alone allows for much more flexibility up to the last minute," said Mr Francesco Bruno, Stet's project leader in the tender for SPT. He said Stet wanted to make its own evaluation of SPT without having to share its information with other bidders.

Mr Bruno said no decision has been made on Stet's joining a consortium at a later stage in the bidding process.

Opening bids are due 21 days after publication of a new tariff structure for SPT, which is expected to be completed by the end of this month. The tender is scheduled to be finished by the end of April, after delays caused by Czech government infighting over future telephone call prices.

Stet's nine rivals in the fierce contest developing for the stake are joining consortiums to spread the cost and risk of the investment. Bell Atlantic and France Telecom are working together, as are Deutsche Telekom and Ameritech, and two other alliances are planned.

Stet is understood to have rejected five approaches to join forces to bid for SPT, because of its belief that a bid with a strong European dimension has a better chance than one from a consortium where European partners play second fiddle to US companies.

Both France Telecom and Deutsche Telekom are taking a back seat in their respective alliances because of perceived prejudice against German and French investors in the Czech Republic.

But Stet also wants to avoid a repeat of its unhappy experience in a 1993 tender for 30 per cent of Matav, the Hungarian telecoms company. In that tender a dispute between Stet and France Telecom scuppered their joint approach.

Stet subsequently bid $905m for the Matav stake but lost out to the Deutsche Telekom/Ameritech consortium's offer of $875m after intense German lobbying with the Hungarian government.

# Matsushita to invest Y200bn in chips

By Michiyo Nakamoto in Tokyo

Matsushita, the consumer electronics group, plans to invest Y200bn (US$2.03bn) in semiconductors over the next three years and double its liquid crystal display production and sales this year.

Mr Susumu Ishihara, a Matsushita director, said the company was targeting key devices, particularly semiconductors, LCDs and optical disks, together with multimedia products, as promising areas for future business.

The increased emphasis on devices is part of Matsushita's near-term corporate strategy aimed at raising the parent company's ratio of recurring profits to sales to 5 per cent by the end of fiscal 1996 from 1.5 per cent last year.

Matsushita hopes to compete in the market for such semiconductor products as memory chips, which have seen strong demand in recent years, due to the buoyant personal computer market and the move in that market to advanced machines which use more memory. Previously, the company's semiconductor business has been aimed at internal use.

Capital spending on semiconductors will rise in the current fiscal year to March to Y63bn from Y20bn in fiscal 1993.

Liquid crystal displays and optical disks are also expected to play a growing role in the market for multimedia products.

In addition to shifting its product emphasis, Matsushita is also aiming to cut costs through corporate restructuring and a reallocation of global resources. The company has brought forward plans, adopted in a revitalisation programme, to raise efficiency among administrative and support staff by 30 per cent.

Mr Ishihara said 70 per cent of the revitalisation plan was expected to be achieved this year.

As developing countries become growth markets for consumer electronics products, production facilities and R&D bases will have to be considered with a view to placing them in the best possible locations, Mr Ishihara indicated.

However, he stressed that Matsushita's policy is to compensate for the shift of production out of Japan by introducing new and higher value-added products for domestic manufacturing.


**SIEMENS**

**Annual Meeting of Shareholders**

NOTICE IS HEREBY GIVEN that the annual shareholders' meeting of Siemens AG will be held on February 23, 1995 at 10.00 a.m. in the Olympiahalle of the Olympiapark, Coubertinplatz, 80809 München, Federal Republic of Germany and will consider the following agenda:

1. Submission of the financial statements for the fiscal year ended September 30, 1994, the Managing Board's general review, the report of the Supervisory Board, the Managing Board's proposal for the appropriation of net income, as well as the consolidated financial statements for the fiscal year ended September 30, 1994, and the associated consolidated general review.
   These documents may be inspected at the cashier's offices of the Company or designated depositaries.
2. Resolution on the appropriation of net income.
3. Ratification of the acts of the Managing Board.
4. Ratification of the acts of the Supervisory Board.
5. Appointment of auditors for the fiscal year 1994/95.
6. Approval of control and profit transfer agreements, including agreements relating to companies formed under the German Civil Code.

As far as item 2 of the Agenda is concerned, the Supervisory and the Managing Board propose that the net income of DM 727,776,920 be used to pay out a dividend of DM 13 per share DM 50 par value and that the dividend amount attributable to treasury stock be carried forward.

Pursuant to §19 of the Company's Articles of Association, an owner of Company shares is entitled to attend and vote at the shareholders' meeting, provided that he has deposited such shares with a depositary not later than February 18, 1995 and that the shares remain blocked until the end of this shareholders' meeting.

The depositary in the United Kingdom is:
S.G.Warburg & Co. Ltd., 2 Finsbury Avenue, London EC2M 2PA.

The notice of invitation including the full wording of the agenda and - in due course - our English annual report can be obtained from our depositary bank.

The complete wording of the invitation has been published in the German Federal Gazette "Bundesanzeiger" No. 8 dated January 12, 1995.

Berlin and Munich, in January 1995

Siemens Aktiengesellschaft
The Managing Board



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London
EC2N 4AE

*Stockbroker*
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4 Broadgate
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EC2M 7LE

Dated 16th January, 1995

The Directors of Berisford accept responsibility for the information set out in this advertisement. To the best of the knowledge and belief of the Directors of Berisford (who have taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts and does not omit anything likely to affect the import of such information.



**INDIAN INVESTMENT COMPANY**

Société d'Investissement à Capital Variable
Registered Office: 14, rue Aldringen, L-1118 LUXEMBOURG
Commercial Register: Luxembourg Section B n° 44.263

**Notice of Meeting**

The Annual General Meeting of Shareholders of INDIAN INVESTMENT COMPANY will be held at its registered office in Luxembourg, 14, rue Aldringen, on January 25, 1995 at 11 a.m. for the purpose of considering and voting upon the following agenda:

1. To hear and accept:
   a) the management report of the directors
   b) the report of the auditor.
2. To approve the statement of net assets and the statement of changes in net assets for the year ended September 30, 1994.
3. To discharge the directors with respect to the performance of their duties during the year ended September 30, 1994.
4. To elect the directors and the auditor to serve until the next annual general meeting of shareholders.
5. To consider the directors' remuneration.
6. Any other business.

The shareholders are advised that no quorum for the statutory general meeting is required and that decisions will be taken at the majority of the shares present or represented at the meeting.

The Board of Directors



Notice of Redemption

**Mortgage Funding Corporation No.4 PLC**

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**£100,000,000 Class A1 Mortgage Backed Floating Rate Notes Due 2035**

NOTICE IS HEREBY GIVEN to the holders of the Class A1 Notes, that the Issuer has determined in accordance with the Redemption provisions set out in the Terms and Conditions, the Class A1 Notes in the amount of £14,700,000 will be redeemed on the next Interest Payment Date, 31st January, 1995 (the "Redemption Date"). The Class A1 Notes will be redeemed on a pro rata basis and the Principal Payment per Class A1 Note will be £14,700. The Principal Payment on each Class A1 Note will be made in accordance with the operating procedures of Euroclear and Cedel.

Bankers Trust Company, London Agent Bank

16th January, 1995



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**FLOATING RATE DEPOSIT NOTES DUE JULY 1996**
**ISIN CODE : GB0046259601**

For the period January 13, 1995 to July 13, 1995 the new rate has been fixed at 6,9375 % P.A.

Next payment date: July 13, 1995
Coupon nr : 18
Amount : USD 872.01
for the denomination of USD 25 000

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**EMTN SGA ACCEPTANCE NV**
**FRN DUE APRIL 1995**
**USD 5,000,000**
**SER 90/94/4,TR1**
**ISIN CODE XS0050050359**

For the period January 12, 1995 to April 12, 1995 the new rate has been fixed at 6,875 % P.A.

Next payment date : April 12, 1995
Coupon nr : 4
Amount : USD 1718,75
for the denomination of USD 100 000

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**CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED**

**Net Asset Value**

China Merchants China Direct Investments Limited announces that as at 31st December, 1994, the unaudited consolidated net asset value per share of the Company was US$1.043.

CHINA MERCHANTS CHINA DIRECT INVESTMENTS LIMITED
(Incorporated with limited liability in Hong Kong)
12th January, 1995



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# All part of the learning process

Anyone looking for a definition of herd behaviour need look no further than the world's emerging markets. The financial crisis in Mexico is real and serious enough; in response, though, investors have been stampeding out of markets as ludicrously discrepant as Thailand and Bulgaria.

August bodies such as the World Bank, along with the big mutual fund houses, spent last week trying to calm everyone down. This is not a re-run, they insisted, of the debt crisis of 1982. Mexico has problems of its own; other markets need to be treated on their merits. The bodies in question are, of course, interested parties. But they could have a point.

In sorting the sheep from the goats there are two main criteria. First is the structure of the country's economy: in particular, its trade and fiscal balances. Second – equally important in time of crisis – is what kind of foreign investment we are talking about.

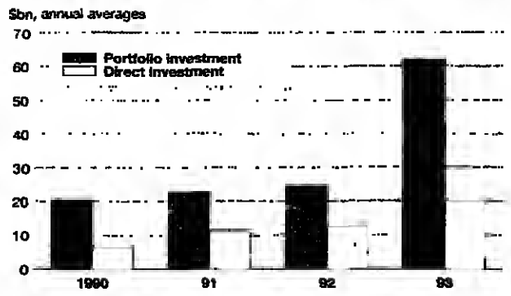
The latter point bears elaboration. In the 1990s, in contrast to the previous decade, much the largest part of the foreign capital invested in emerging economies has come from the private sector. Close to half of that has consisted not of portfolio investment in bonds or equities, but in direct investment by corporations.

The importance of direct investment lies in its stability. On the one hand, it is sunk capital which cannot be pulled out at the investor's whim. On the other, it is affected less by economic and market cycles than by long-term structural shifts in the world economy.

The causes of the recent growth in direct investment are familiar: the lowering of trade barriers, the spread of technology and the almost universal move towards privatisation. Multinationals are investing in developing economies not as a matter of fashion, but because for the first time they have market access and can exploit new sources of cheap labour. Portfolio investment in emerging markets may come and go, but direct investment looks here to stay.

The balance between direct and portfolio investment varies sharply around the world. In China, for instance, the fledgling stock markets of Shanghai and Shenzen are tiny in relation to the huge flow of foreign capital going into factories and infrastructure projects. More generally, many Asian countries tend towards what one might call the Korean model: suspicious of foreign capital and reluctant to grant it a decent return.

**Private Foreign Investment in Latin America**




Source: Salomon Brothers

Latin America is for the most part the other way around. Salomon calculates that in 1993, at the peak of the emerging markets boom, portfolio investment in Latin America totalled $62bn, compared with $21bn in direct investment. The imbalance was particularly marked in Mexico, with portfolio inflows of $28bn dwarfing direct flows of under $5bn.

Besides being inherently unstable, this had the effect of deforming the Mexican economy. The balance of payments deficit, in particular, shot up to almost 8 per cent of GDP. In theory, a trade deficit does not matter as long as it can be financed. In practice, when it gets to a certain level the providers of finance get jumpy.

Taken with a low savings ratio (again not uncommon in Latin America), the trade deficit was evidence of an unhealthy dependence on foreign capital. As the head of the Institute of International Finance, Mr Toyoo Gyohten, remarked last week, there is nothing wrong with external finance *per se*: both the US and Japan, after all, relied heavily on it in their early days. The crucial question is whether the money is used to develop the country's own financial flows and an indigenous industrial structure.

**Total return in local currency to 12/1/95**

| | % change over period | | | | | |
|---|---|---|---|---|---|---|
| | US | Japan | Germany | France | Italy | UK |
| **Cash** | | | | | | |
| Week | 0.11 | 0.04 | 0.09 | 0.10 | 0.18 | 0.11 |
| Month | 0.51 | 0.20 | 0.48 | 0.46 | 0.73 | 0.52 |
| Year | 3.56 | 1.94 | 5.25 | 5.63 | 7.81 | 5.31 |
| **Bonds 3-5 year** | | | | | | |
| Week | 0.38 | 0.55 | 0.57 | 0.44 | -0.20 | 0.28 |
| Month | 0.82 | 0.38 | 0.58 | 0.32 | 0.71 | 0.41 |
| Year | -3.40 | -0.79 | -0.35 | -2.35 | -0.54 | -1.08 |
| **Bonds 7-10 year** | | | | | | |
| Week | 0.51 | 0.62 | 0.42 | -0.67 | -0.25 | 0.36 |
| Month | 0.75 | -0.02 | -0.19 | -1.54 | -0.30 | 0.08 |
| Year | -7.02 | -4.26 | -5.67 | -8.41 | -9.24 | -8.60 |
| **Equities** | | | | | | |
| Week | 0.3 | -1.6 | 0.1 | -1.1 | -0.8 | 0.1 |
| Month | 3.0 | 1.1 | 2.0 | -3.1 | 8.8 | 3.4 |
| Year | 0.8 | 1.5 | -8.8 | -16.2 | 6.6 | -6.7 |

Source: Cash & Bonds - Lehman Brothers. Equities-© NatWest Securities.
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On almost any criterion you care to pick, Mexico looks to have been a bad bet. It is the more striking that so few analysts were prepared to say so when it mattered. The reason is perhaps obvious. In response to a long period of low interest rates, a lot of money was being shifted into emerging markets on the basis of simple ignorance. When the weight of money is driving markets up, even the best informed analyst hesitates to stand in the way.

On an optimistic view, the resulting period of confusion is all part of the learning process. Some would go further and call it an opportunity. One big investor in Latin America, the US fund manager Scudder, Stevens & Clark, draws an analogy from the late 1980s. In 1988-89 junk bonds – then also a new and little understood asset class – were wildly overpriced. In 1990 the market crashed indiscriminately. When the recovery came the following year, some better quality bonds provided total returns of 40 per cent.

To plunge back into Latin America now calls for a certain amount of nerve, to say nothing of expertise. There is evidence that mutual fund investors have not yet joined the panic. If the worst happened and large-scale redemptions started, the relative illiquidity of most emerging markets could prove very awkward (though conversely, as the real optimists point out, the best and most liquid stocks would be sold first, thus providing the best value.)

Above all, there is no evidence of systemic crisis along the lines of 1982. Then, interest rates were soaring, commodity prices falling and the developed world moving into recession. Now, US interest rates are not far from their peak and world trade is growing faster than for two decades. Perhaps most important, structural reforms in developing countries are mostly too far advanced to be easily reversed.

In such a world, the name of the game is discrimination. In broad terms, one answer is to avoid Latin America and buy Asia. But even this could be misleading; a country like Chile, for instance, is probably sounder fundamantally than one or two Asian economies. Perhaps, in the end, the simplest rule for investors is the gloomy maxim of the banking community: never give money to anyone that really needs it.

COMMODITIES — Richard Mooney

# Coffee market seeks direction

The world coffee market could this week be given some guidance in its search for direction following the retreat from last September's 8½-year highs.

At a five-day meeting of the International Coffee Organisation beginning in London today, a key report is to be released on the prospects for Brazil's 1995-96 crop following last year's frosts and drought; and on Thursday the Association of Coffee Producing Countries will meet, also in London, to consider the state of the market and review recent producer action, including a partial resumption of the "export retention" scheme that gave the initial impetus for last year's rally.

The ICO meeting will also review the operation of the scaled down International Coffee Agreement, ratification of which is expected to be completed this week. Mr Celsius Lodder, who recently took over as executive director, has been advocating a pro-active strategy for the organisation. "We must prove that we are a real service provider, to give the market reliable statistics and discussion panels on subjects that private sector participants need," he has said.

The ICO's price-stabilising role, which ended with the abandonment of its export quota scheme in 1989, has now been taken up by the ACPC. The association's original retention scheme, which began late in 1993, quickly achieved its price ambitions, and its target prices were left way behind by the frost-induced price surge. But Central American members have responded to the recent price retracement with a second scheme, which came into operation this month, and there are signs that Brazil is seriously considering joining in with this.

"We do not expect any dramatic decisions [at Thursday's meeting]," says ACPC President Rubens Barbosa, who is also Brazil's ambassador in London. "We will meet to assess market conditions while member countries will inform [the association] of policies followed over the last few months."

With effect from 1st January 1995, Cedel has become

**Cedel Bank**

a banking institution registered in Luxembourg

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Economics Notebook

# What makes debt so special

Nothing is easier for countries and individuals than getting into debt. What is new in the 1990s is the way heavy borrowers are being severely punished.

One by-product of Mexico's financial crisis has been an upsurge of concern over the indebtedness of certain "first world" countries.

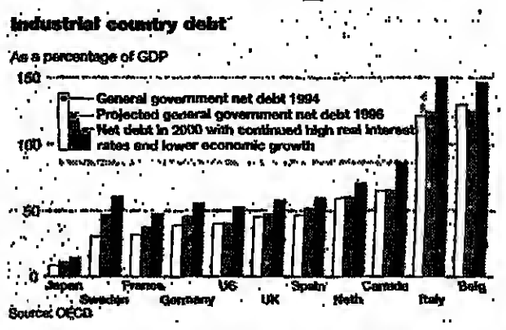
Mexico quickly discovered that being a recent entrant to such rich-country clubs as the Organisation for Economic Co-operation and Development (OECD) or the North American Free Trade Agreement (Nafta) provided no protection from market disenchantment after December's devaluation and floating of the peso.

Although politics played a big part in last week's selling of the Italian lira, the treatment meted out to it and the Canadian dollar and Swedish krona showed financial markets are no longer prepared to treat established industrialised democracies much differently to delinquent emerging countries if key economic indicators do not add up.

Until recently, analysts would glance at a nation's growth rate, inflation, current account balance and, possibly, its unemployment for an instant health check. The emphasis today is on annual budget deficits and debt.

But what is it about the 1990s that makes debt so special? After all, countries (and individuals) have borrowed for centuries and generally prospered as a result. For explanations, I turned to two distinguished economists: Mr Walter Eltis, chief economic adviser to Mr Michael Heseltine, the British trade and industry secretary, and Mr John Llewellyn, who has just become Lehman Brothers' chief European economist after 17 years in senior posts with the OECD.

**Industrial country debt**




Source: OECD

Mr Eltis argues that high real long-term interest rates are the key to the present problem. He points out that US real long-term rates (that is, rates adjusted for inflation) have averaged 5 per cent since the beginning of 1982 compared with 2 per cent in the preceding 30 years.

Writing in a personal capacity in this month's Bank Credit Analyst magazine, Mr Eltis notes: "The escalation in real interest rates has had a pervasive influence on all economies: heavily punishing debtors, whether countries, corporations or individuals." The rules have changed especially for high-borrowing governments. "Debt servicing costs will escalate alarmingly when the interest rate paid on public debt exceeds the nominal growth rate of the economy. Debt servicing costs will come to exceed the total budget deficit when interest rates exceed economic growth."

Between 1945 and 1961, the US, UK, Germany, France and Japan were able to borrow at rates below their rates of economic growth, helping to buy more social welfare or infrastructure without raising taxation commensurately.

This debt arithmetic was reversed in the 1980s as interest rates on public debt exceeded growth. The upshot has been an a rise in indebtedness and the payment of a growing proportion government tax revenues as debt interest.

The chart shows the indebtedness of several industrialised countries. The columns portray net indebtedness, rather than the often-quoted and bigger gross debt figures which form the basis for the Maastricht Treaty debt criteria, because net debt gives a better idea of the sustainability of a country's debt.

According to Mr Llewellyn, Europe's net indebtedness exceeded 55 per cent of gross domestic product last year. This compared with under 25 per cent in 1980 and just over 40 per cent in 1990. The 55 per cent figure "is by no means outrageously high. But it warrants watching". It compares with net debt to GDP ratios of just below 40 per cent for the US and under 10 per cent for Japan last year.

Financing such debt is a burden. Interest payments on general government net debt totalled nearly 5 per cent of GDP across Europe as a whole last year. More than 10 per cent of government tax receipts went towards paying interest. That, Mr Llewellyn points out, was "more than twice what even the larger countries typically spend on defence and up to twice what most countries spend on education and health". In Italy and Belgium, debt service absorbs more than a fifth of government receipts.

High indebtedness, therefore, restricts what governments can spend on what voters want. But, as the chart indicates, there is no easy release from debt's grip.

Mr Llewellyn forecasts that Europe's debt to GDP level could rise to 62 per cent in 1996. OECD projections suggest that just to stabilise European net debt to GDP levels by the end of the century, Europe will have to grow at 2.5 per cent to 3 per cent a year, and long-term interest rates shade downwards.

Such growth could be difficult to achieve. None of the main European countries has averaged more than 2.5 per cent annual growth in the past 20 years. Nor is the fall in long term rates assured.

On the basis of 0.5 per cent less growth a year and continued high rates, the OECD suggests that Europe's debt to GDP ratio could be 10 percentage points higher than at present and still rising in 2000. In Italy, Belgium, Greece, Portugal and Canada, debt to GDP ratios would be 20 percentage points higher.

To escape such traps, governments will have to cut spending radically, slaughtering some sacred cows in the process. Public sector health and pensions are already in the firing line of such structural reform.

That is bad news for politicians. But Europe must cut its debt to compete in the 21st century.

**Peter Norman**

## FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

| NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock) | FRIDAY JANUARY 13 1995 | | | | | | | | THURSDAY JANUARY 12 1995 | | | | | DOLLAR INDEX | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | US Dollar Index | %chg since 30/12/94 | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | Local % chg from 30/12/94 | Gross Div. Yield | US Dollar Index | Pound Sterling Index | Yen Index | DM Index | Local Currency Index | 52 week High | 52 week Low | Year ago (approx) |
| Australia (66) | 163.51 | -4.8 | 154.26 | 101.71 | 130.13 | 143.33 | -2.6 | 4.02 | 165.63 | 156.71 | 130.82 | 131.97 | 143.76 | 189.15 | 161.21 | 189.66 |
| Austria (16) | 178.14 | -2.0 | 169.20 | 111.56 | 142.74 | 143.00 | -2.6 | 1.14 | 180.97 | 171.02 | 113.30 | 143.90 | 143.85 | 198.89 | 167.46 | 188.42 |
| Belgium (35) | 167.06 | -0.8 | 157.79 | 104.04 | 133.11 | 130.04 | -1.6 | 4.24 | 167.75 | 158.53 | 105.03 | 133.39 | 130.44 | 177.04 | 160.76 | 161.04 |
| Brazil (28) | 153.06 | -8.2 | 144.57 | 95.32 | 121.98 | 238.36 | -6.3 | 0.98 | 143.22 | 135.34 | 89.67 | 113.88 | 222.77 | – | – | – |
| Canada (103) | 126.47 | -2.3 | 116.46 | 76.79 | 100.77 | 129.32 | -1.6 | 2.67 | 126.73 | 119.76 | 79.35 | 100.79 | 129.97 | 145.31 | 120.54 | 141.07 |
| Denmark (33) | 252.50 | 0.3 | 238.50 | 157.25 | 201.20 | 207.56 | -0.4 | 1.43 | 253.77 | 239.81 | 158.88 | 201.79 | 208.32 | 275.78 | 236.61 | 262.14 |
| Finland (24) | 191.45 | 3.0 | 180.83 | 119.23 | 152.55 | 190.55 | 3.0 | 0.73 | 192.27 | 181.69 | 120.38 | 152.89 | 190.80 | 201.41 | 133.88 | 138.70 |
| France (102) | 162.51 | -0.6 | 153.50 | 101.21 | 129.49 | 135.06 | -1.4 | 3.16 | 162.10 | 153.16 | 101.49 | 128.89 | 134.55 | 185.37 | 159.34 | 175.36 |
| Germany (56) | 141.20 | -0.3 | 133.38 | 87.94 | 112.51 | 112.51 | -1.4 | 1.56 | 142.45 | 134.61 | 89.15 | 113.27 | 113.27 | 150.40 | 128.37 | 133.16 |
| Hong Kong (56) | 287.15 | -11.6 | 271.23 | 178.84 | 228.82 | 285.86 | -11.6 | 4.37 | 293.70 | 277.55 | 183.88 | 233.66 | 292.61 | 493.01 | 287.15 | 416.78 |
| Ireland (16) | 208.64 | 1.3 | 187.26 | 130.06 | 166.41 | 189.74 | 0.8 | 3.36 | 206.80 | 187.32 | 130.73 | 186.04 | 189.68 | 218.90 | 177.56 | 200.30 |
| Italy (59) | 75.99 | 1.4 | 71.78 | 47.33 | 60.55 | 61.91 | 1.2 | 1.72 | 73.68 | 69.63 | 46.13 | 58.59 | 59.17 | 87.78 | 68.84 | 89.95 |
| Japan (484) | 154.03 | -1.9 | 145.49 | 95.93 | 122.74 | 95.93 | -3.1 | 0.79 | 154.44 | 145.95 | 96.69 | 122.81 | 96.99 | 170.10 | 134.47 | 134.47 |
| Malaysia (97) | 430.94 | -10.1 | 407.05 | 268.39 | 343.38 | 424.80 | -9.9 | 1.95 | 437.63 | 413.57 | 273.98 | 348.00 | 431.51 | 594.76 | 430.71 | 465.86 |
| Mexico (18) | 1247.33 | -11.6 | 1178.16 | 776.82 | 993.90 | 7167.02 | -5.8 | 1.42 | 1109.28 | 1048.27 | 694.49 | 882.06 | 6813.14 | 2847.08 | 1028.58 | 2360.63 |
| Netherland (16) | 217.58 | 0.0 | 205.50 | 135.50 | 173.36 | 170.55 | -1.0 | 3.39 | 216.66 | 204.75 | 135.65 | 172.29 | 169.68 | 223.30 | 191.26 | 167.87 |
| New Zealand (14) | 71.01 | 0.8 | 67.07 | 44.22 | 56.66 | 59.04 | 1.0 | 4.96 | 72.08 | 68.11 | 48.16 | 57.32 | 59.83 | 77.59 | 62.05 | 69.12 |
| Norway (23) | 207.74 | -2.5 | 196.22 | 129.36 | 165.53 | 189.23 | -3.3 | 1.83 | 207.31 | 195.91 | 129.78 | 164.84 | 188.64 | 214.65 | 177.53 | 187.26 |
| Singapore (44) | 340.44 | -8.7 | 321.57 | 212.03 | 271.28 | 228.36 | -8.6 | 1.88 | 343.74 | 324.83 | 215.21 | 273.33 | 232.03 | 401.36 | 294.66 | 325.26 |
| South Africa (59) | 314.05 | -8.7 | 296.63 | 195.58 | 250.24 | 268.29 | -3.9 | 2.29 | 312.68 | 295.45 | 195.74 | 248.61 | 288.74 | 342.06 | 205.55 | 263.24 |
| Spain (36) | 126.54 | -4.1 | 119.52 | 78.81 | 100.83 | 128.01 | -2.7 | 4.53 | 124.92 | 118.05 | 78.21 | 99.33 | 126.45 | 155.78 | 124.87 | 140.78 |
| Sweden (48) | 235.83 | 1.0 | 222.66 | 146.77 | 187.78 | 281.83 | 2.0 | 1.49 | 235.19 | 222.26 | 147.26 | 187.02 | 280.58 | 242.81 | 198.70 | 208.07 |
| Switzerland (47) | 166.46 | 0.2 | 158.31 | 103.06 | 131.88 | 132.06 | -1.5 | 1.85 | 166.46 | 157.30 | 104.22 | 132.36 | 132.35 | 178.56 | 149.61 | 151.17 |
| Thailand (46) | 138.02 | -12.7 | 130.37 | 85.68 | 109.98 | 134.72 | -12.6 | 2.83 | 139.80 | 132.11 | 87.53 | 111.17 | 139.04 | – | – | – |
| United Kingdom (205) | 194.32 | -0.3 | 183.54 | 121.02 | 154.84 | 183.54 | -0.6 | 4.20 | 193.41 | 182.77 | 121.00 | 180.80 | 182.77 | 214.96 | 161.11 | 205.30 |
| USA (513) | 190.69 | 1.6 | 180.12 | 118.79 | 151.95 | 190.69 | 1.6 | 2.91 | 188.86 | 178.49 | 118.26 | 150.16 | 188.86 | 196.04 | 178.95 | 192.20 |
| Americas (662) | 178.12 | 1.1 | 168.35 | 168.69 | 140.34 | 147.60 | 1.2 | 2.68 | 174.16 | 164.69 | 109.05 | 138.60 | 148.13 | – | – | – |
| Europe (723) | 168.34 | -0.4 | 159.00 | 104.84 | 134.14 | 149.24 | -0.9 | 3.12 | 167.91 | 158.68 | 105.13 | 133.52 | 148.73 | 178.58 | 160.59 | 186.81 |
| Nordic (128) | 227.83 | 1.5 | 215.28 | 141.93 | 181.59 | 214.57 | 1.9 | 1.38 | 227.98 | 215.44 | 142.73 | 181.28 | 214.14 | 233.81 | 197.70 | 202.21 |
| Pacific Basin (809) | 158.55 | -2.6 | 150.71 | 99.37 | 127.14 | 103.81 | -3.8 | 1.17 | 160.30 | 151.46 | 100.36 | 127.47 | 104.73 | 178.88 | 146.69 | 146.89 |
| Euro-Pacific (1532) | 163.12 | -1.6 | 154.07 | 101.89 | 129.98 | 121.64 | -2.6 | 2.01 | 163.37 | 154.39 | 102.26 | 129.91 | 122.06 | 176.14 | 155.32 | 156.32 |
| North America (816) | 186.71 | 1.4 | 176.36 | 116.26 | 148.78 | 186.49 | 1.4 | 2.60 | 186.03 | 174.85 | 115.84 | 147.16 | 184.83 | 192.73 | 175.67 | 189.02 |
| Europe Ex. UK (518) | 150.71 | -0.4 | 142.35 | 93.86 | 120.09 | 128.96 | -1.1 | 2.50 | 150.51 | 142.23 | 94.23 | 119.68 | 128.60 | 159.12 | 144.12 | 149.38 |
| Pacific Ex. Japan (325) | 217.36 | -8.8 | 205.31 | 135.37 | 173.20 | 191.73 | -8.0 | 3.48 | 221.06 | 208.90 | 138.40 | 175.79 | 194.57 | 291.75 | 217.36 | 255.37 |
| World Ex. US (1740) | 163.86 | -2.0 | 154.79 | 102.06 | 130.58 | 125.08 | -2.7 | 2.02 | 163.80 | 154.88 | 102.61 | 130.82 | 125.44 | 178.65 | 187.61 | 157.61 |
| World Ex. UK (2048) | 166.49 | -0.9 | 160.09 | 105.55 | 136.05 | 141.16 | -1.3 | 2.14 | 168.86 | 159.86 | 105.78 | 134.36 | 140.88 | 178.59 | 184.27 | 164.81 |
| World Ex. Japan (1769) | 182.99 | -0.3 | 172.84 | 113.98 | 145.81 | 174.06 | -0.4 | 2.69 | 181.83 | 171.82 | 113.90 | 144.66 | 173.12 | 195.20 | 178.34 | 187.45 |
| The World Index (2253) | 171.88 | -0.8 | 162.18 | 106.92 | 136.80 | 144.96 | -1.2 | 2.33 | 171.11 | 161.70 | 107.13 | 136.06 | 144.76 | 180.80 | 166.16 | 168.15 |

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Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.827 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.66 (US $ Index), 114.45 (Pound Sterling) and 123.22 (Local); Brazil, Thailand and Americas: Oct 31, 1994 = 180.44 (US $ Index), 164.07 (Pound Sterling) and 149.94 (Local). Please note: Following the recent lifting of foreign ownership restrictions in Norway, a number of changes to the FTA-WI Norway Index will take place with effect 13/1/95. Norwegian "A" shares have been merged with "A Free" shares to form a single "A" class available to all investors. The entire number of merged "A" shares outstanding will be included in the Index for the following stocks: Aker A, Elkem A, Hafslund Nycomed A, Kvaerner A, Norske Skogindustrier A, Orkla A and Saga Petroleum A. The share traction will also change for the following stocks: Norsk Hydro (0.43 to 0.404). A comprehensive market review for Norway is on the agenda for the next policy committee meeting.

## EMERGING MARKETS: This Week

The Emerging Investor / Joel Kibazo

# Africa provides a beacon of hope

The sharp falls in Latin American stock markets following the Mexican financial crisis may have sullied the image of a once booming global emerging markets sector.

Optimists, however, have been pointing to markets in Africa, south of the Sahara, as beacons of hope amid all the gloom.

Some observers suggest the region's 12 or so bourses are likely to provide some of the best returns in the coming year and for the rest of the 1990s.

This month's move by the Kenyan government to end a 30-year ban on foreign investors in the Nairobi Stock Exchange will be seen by some as another positive sign.

The new found optimism about what was, until recently, a little known corner of the emerging markets scene, is not without foundation.

Figures compiled by Morgan Grenfell, tha UK investment bank, show that, up to the first week of last month returns on investments made on the Nairobi stock market showed a 107.5 per cent gain in US dollar terms. The market is capitalised at $2.35bn with 52 companies listed.

Zimbabwe's Harare exchange, capitalised at $1.9bn with 62 quoted companies, appreciated by 24 per cent. The 20 listed stocks on the Ghana exchange surged by 65.3 per cent, while a more modest gain of 7.4 per cent was seen in the small Botswanan market.

By comparison, the South African, not only the region's biggest but also the world's biggest emerging market with a capitalisation of $218bn, showed a gain of 32.2 per cent.

Gains from African markets were comparable to those achieved in Latin America, before Mexico's devaluation of the peso, and well ahead of those in south-east Asia.

Mr Kofi Bucknor, an executive director in the emerging markets department at Lehman Brothers, the US investment bank, said: "Even taking the risk premium into account, African markets remain undervalued."

It is a view echoed by Mr Nigel Rendell, emerging markets strategist at broker James Capel, who also believes African markets to be cheap compared to other emerging markets.

Focusing on Harare, his particular favourite and the third biggest exchange in sub-Saharan Africa, Mr Rendell pointed out it stood at a price earnings ratio of 11.5 last year and on a prospective multiple of about nine for this year.

This is well below the p/e of 15 to 20 in most latin American markets and the 20 to 30 seen last year for most Asian emerging markets. "Quite clearly some of the African markets are good value", he said.

This view is already shared by several investors. Ms Marina Lloyd, a fund manager at Robert Fleming, the UK broker, said: "There is no doubt if you were prepared to take the risk yon would have made money in Africa in 1994."

Privatised utilities were a particular attraction, in markets such as the Ivory Coast, which is capitalised at about $1bn.

Last year's Ghanaian government sale of 20 per cent of its holding in Ashanti Goldfields raised $1.67bn. Added to the disposal of the government's stake in companies such as Unilever Ghana, this acted as a spur for investors to buy the Accra stock market.

Yet for all that success, strategists warn that investing in Africa is not for the amateur. The gains may at this stage appear large but analysts point out that many of the African stock markets are starting from a low base, which researchers say is roughly the stage seen in Latin America seven or eight years ago.

But even more fundamental challenges face the would-be investor. Many sub-Saharan Africa bourses are small and poorly capitalised with few companies listed and low liquidity.

Nigeria, with one of the biggest economies in Africa, has a market capitalisation of only $2.6bn with a mere 177 stocks listed, while in Zambia just seven stocks are listed on the local exchange.

Turnover is poor, with well below 10 per cent of market capitalisation traded in each year on many exchanges, e fact that may not be so startling given that some markets only open one or two days each week.

Even on the Nairobi Stock Exchange, which saw a 35 per cent jump in activity following last month's announcement about foreign participation, turnover stands at e 2.73 per cent of total capitalisation.

In addition, whila foreign investors may now buy shares on the NSE, current rules limit them to a maximum 20 per cent shareholding in publicly quoted companies. And at 2.5 per cent, broking charges remain steep, as does the current value of the shilling, making the market expensive.

All of which may go some way in explaining why a week after the rules were changed only one foreigner had so far bought etock, worth e mere $300.

Corruption and political instability also remain matters of concern in some countries. One broker said: "I know the risks are decreasing but one still has to bear in mind how fast they can get their money out."

With most African countries still dependent on agricultural exports, the volatility of the commodity markets is another factor which cannot be ignored.

However, more immediately, the rest of the continent faces atiff competition from the Johannesburg Stock Exchange. With few of the problems faced by the rest of the continent, the JSE was added to the International Finance Corporation's premier emerging market list last November and will join the IFC's emerging markets composite index at the beginning of April.

Observers say this should give e boost to Johannesburg particularly as tracking funds will buy stock in order to match the index, though the country's current two tier currency could be seen as an obstacle by some would-be investors.

However fans of the sector say competition from Johannesburg is unlikely to deter further investment in the rest of sub-Saharan Africa. One reason is that African governments forced by circumstances to implement IMF atructural edjustment programmes designed to ease balance of payment constraints are likely to increase the number of utilities that are privatised.

More markets are also set to open and only two weeks ago, Sudan, Africa's biggest country, opened lts first stock exchange with 24 companies registered. Countries such as Tanzania and Cameroon have already signalled plans to open bourses.

As for the current climate for such markets, Mr Bucknor said: "The falls in Mexico may mean that some investors will be less inclined to look at new frontiers.

"But frankly, the kind of investor that has been buying into Africa is different. They have researched it, they are more familiar with the continent and they are more aware of the fundamentals in those markets. They will continue investing in Africa."

Mr Rendell also remains bullish. He predicted: "It is definitely tbe next place that investors will be looking at for the latter part of the 1990s."

**Ten best performing stocks**

| Stock | Country | Friday 13/1/95 | Week on week change $ | % |
|---|---|---|---|---|
| Banco Portuguez Do Atlantico | Portugal | 16.4635 | 2.6769 | 19.42 |
| Metrogas | Argentina | 1.0198 | 0.1202 | 13.36 |
| Eregli Demir Ve Celik | Turkey | 0.0963 | 0.0094 | 10.84 |
| GGEMEX | Mexico | 7.0209 | 0.6078 | 9.48 |
| Vidreas Santa Marina | Brazil | 0.0045 | 0.0004 | 9.00 |
| Usinimas (Pfd) | Brazil | 0.0014 | 0.0001 | 7.44 |
| Korea Mobile Telecom | S.Korea | 517.363 | 32.2387 | 6.65 |
| Banco Bradesco (Pfd) | Brazil | 0.0084 | 0.0005 | 5.88 |
| Companhia Energentica de MG | Brazil | 0.0934 | 0.0052 | 5.87 |
| Vitro | Mexico | 4.0797 | 0.2210 | 5.73 |

Source: Baring Securities

## Redemptions and decline in bond prices hit debt funds

**Funds investing in emerging market debt lost $2.2bn in assets during December, according to Micropal, as declines in bond prices combined with the effect of redemptions by investors, writes Philip Coggan.**

**The 109 open-ended funds monitored by Micropal had $56.1bn of net assets at the end of December down from $58.3bn on November 30. About $1.7bn of this decline was because of market losses, mainly due to the effect of the Mexican peso devaluation on Latin American debt, while some $500m was caused by redemptions.**

**However, some funds suffered particularly from redemptions. The Alliance North American government fund, the worst performing US bond fund in 1994 thanks to its Mexican and Argentine debt holdings, had an outflow of $229m in December. TCW/DW North American government fund, managed by Trust Company of the West for Dean Witter, lost $228m, nearly a fifth of its assets.**

**Emerging market debt funds are expected to have suffered further portfolio losses, and redemptions, this month as the Mexican crisis continues to have an adverse effect.**

## News round-up

### ■ Asia

The expected continuation of turmoil in the Asian currency markets this week, following speculative attacks at the end of last week against several currencies, are unjustified, analysts claim, writes John Pitt. The currencies were targeted in response to the current crisis in Latin America. But, analysts remarked, the situation in south-east Asia was a long way removed from that in Mexico. While a number of Asian countries had large current account deficits they also had substantial foreign reserves and a strong savings ratio. Economic fundamentals also showed good growth prospects.

### ■ Hungary

Equities stabilised last Friday after the previous day's 66 point drop – the biggest daily decline in nearly a year, writes Virginia Marsh in Budapest.

However, many analysts remained gloomy. Some said the exchange, the only one of the three main eastern European bourses to appreciate in dollar terms last year, could lose a further 10-15 per cent in the next two weeks. This week's losses have contributed to a 11 per cent drop since November.

● *Further coverage of emerging markets appears daily on the World Stock Markets page.*

## CURRENCIES

Motoko Rich

# Risk-shy to seek safe havens

Following last week's turbulence, quality currencies should continue to attract risk-averse investors from emerging markets and peripheral European currencies.

This could prove flattering to the yen and D-Mark, but less so to the dollar.

Analysts fear the US Federal Reserve may procrastinate on e rate rise – which the markets were hoping for – at the Federal Open Markets Committee meeting later this month. Lower-than-expected retail sales figures on Friday left investors wondering whether, rather than by how much, the Fed would raise rates.

Some economic news could provide support for the dollar, as capacity utilisation figures and the Federal Reserve's beige book, the US's regional guide to economic data, are released this week. Both could show signs of robust growth, reviving expectations of e US interest rate rise.

In Europe, analysts fear that the Spanish peseta could be subjected to further speculative pressure because of continuing political uncertainty and because the peseta's membership of the European exchange rate mechanism gives speculators a clear exchange rate point to sell against.

Although Spain has denied that it might quit the ERM, the country's counter-inflation policy is no longer based entirely on pegging the peseta to the D-Mark. Like Britain, Spain has an inflation target, prompting some economists to wonder whether ERM membership is necessary to achieve its domestic policy goals.

By contrast, the nomination of Mr Lamberto Dini, the former senior central bank official as Italy's prime minister designate last Friday, may take the lira out of the firing line. But he will have to convince markets of his determination and ability to tackle the gaps in the 1995 budget and Italy's deficit ridden pensions system.

The French franc may gain some support, if, as expected, Mr Edouard Balladur, the prima minister, announces his bid for the Elysée this week.

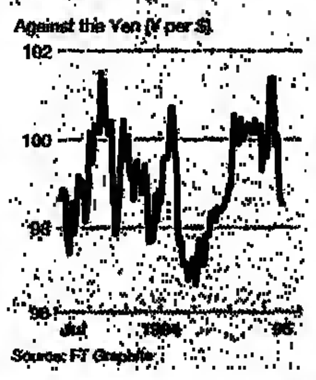
Emerging markets in Asia, regardless of their resemblance, or lack of it, to Mexico, could further frighten risk-averse investors.

Indonesie's central bank spent $500m supporting the rupiah on Friday.

Sterling could enjoy another steady, if unspectacular, week. Low inflation figures for December expected in the producer price index today and the retail prices index on Wednesday, followed by a slight rise in retail sales, should maintain confidence in the pound.

**Dollar**

Against the Yen (Y per $)




Source: FT Graphite

**Baring Securities emerging markets indices**

| Index | 13/1/95 | Week on week movement Actual | Percent | Month on month movement Actual | Percent | Year to date movement Actual | Percent |
|---|---|---|---|---|---|---|---|
| World (301) | 143.55 | -7.10 | -4.71 | -26.14 | -15.40 | -14.48 | -9.16 |
| **Latin America** | | | | | | | |
| Argentina (20) | 84.88 | -0.09 | -0.11 | -9.63 | -10.19 | -1.23 | -1.43 |
| Brazil (21) | 187.42 | -9.65 | -4.90 | -42.44 | -18.46 | -21.95 | -10.49 |
| Chile (12) | 207.44 | -1.78 | -0.85 | -14.70 | -6.62 | -4.13 | -1.95 |
| Mexico (25) | 81.90 | -2.13 | -2.54 | -53.51 | -39.52 | -15.73 | -16.11 |
| Peru(16) | 739.71 | -82.93 | -10.08 | -168.17 | -18.52 | -108.96 | -12.84 |
| Latin America (94) | 124.74 | -3.98 | -3.09 | -39.59 | -24.09 | -14.03 | -10.11 |
| **Europe** | | | | | | | |
| Greece (16) | 85.98 | -1.74 | -1.98 | -1.51 | -1.73 | -1.02 | -1.17 |
| Portugal (18) | 118.49 | +2.69 | +2.32 | +0.98 | +0.83 | +2.21 | +1.90 |
| Turkey (21) | 72.44 | -0.08 | -0.10 | -9.90 | -12.03 | -3.67 | -4.82 |
| Europe (55) | 97.04 | +0.25 | +0.26 | -2.68 | -2.69 | -0.65 | -0.67 |
| **Asia** | | | | | | | |
| Indonesia (26) | 121.25 | -17.75 | -12.77 | -7.08 | -5.52 | -12.44 | -9.31 |
| Korea (23) | 126.43 | -0.69 | -0.54 | -15.91 | -11.18 | -13.45 | -9.62 |
| Malaysia (23) | 192.93 | -13.85 | -6.70 | -1.12 | -0.58 | -17.93 | -8.50 |
| Pakistan (11) | 102.19 | -6.79 | -6.23 | -1.97 | -1.89 | -4.01 | -3.78 |
| Phillippines (12) | 244.54 | -36.05 | -12.85 | -22.71 | -8.50 | -37.59 | -13.32 |
| Thailand (25) | 228.60 | -23.79 | -9.43 | -10.98 | -4.58 | -23.04 | -9.16 |
| Taiwan (32) | 171.31 | -7.87 | -4.39 | -1.96 | -1.13 | -12.84 | -8.97 |
| Asia (152) | 191.90 | -14.75 | -7.14 | -7.47 | -3.74 | -18.72 | -8.89 |

All indices in $ terms, January 7th 1992=100. Source: Baring Securities

## FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, January 13, 1995. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

| | | £ STG | US $ | D-MARK | YEN (X 100) |
|---|---|---|---|---|---|
| Afghanistan | (Afghani) | 5433.49 | 3461.7 | 2258.46 | 3513.64 |
| Albania | (Lek) | 157.678 | 100.462 | 65.5428 | 101.959 |
| Algeria | (Dinar) | 67.5847 | 43.0585 | 28.0947 | 43.7045 |
| Andorra | (Fr Franc) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| | (Sp Peseta) | 209.590 | 133.531 | 87.1258 | 135.534 |
| Angola | (New Kwanza) | 817886.3(3) | 521079 | 339993 | 528897 |
| Antigua | (E Carr $) | 4.2363 | 2.6969 | 1.761 | 2.7394 |
| Argentina | (Peso) | 1.5699 | 1.0001 | 0.6525 | 1.0151 |
| Armenia | (Dram) | 627.000o | 399.465 | 260.642 | 405.458 |
| Aruba | (Florin) | 2.8085 | 1.7893 | 1.1674 | 1.8161 |
| Australia | (Aus $) | 2.0714 | 1.3196 | 0.861 | 1.3394 |
| Austria | (Schilling) | 16.9676 | 10.8101 | 7.0533 | 10.9723 |
| Azores | (Port Escudo) | 248.538 | 158.345 | 103.316 | 160.72 |
| Bahamas | (Bahama $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Bahrain | (Dinar) | 0.5918 | 0.377 | 0.246 | 0.3826 |
| Balearic Is | (Sp Peseta) | 209.590 | 133.531 | 87.1258 | 135.534 |
| Bangladesh | (Taka) | 62.4681 | 39.7987 | 25.9677 | 40.3958 |
| Barbados | (Barb $) | 3.1567 | 2.0106 | 1.3118 | 2.0406 |
| Belarus | (Rouble) | 18275.4o | 11643.3 | 7597.02 | 11818 |
| Belgium | (Belg Fr) | 49.5429 | 31.564 | 20.5948 | 32.0375 |
| Belize | (B $) | 3.1390 | 1.9992 | 1.3044 | 2.0292 |
| Benin | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Bermuda | (Bermudian $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Bhutan | (Ngultrum) | 49.2250 | 31.3614 | 20.4626 | 31.8319 |
| Bolivia | (Boliviano) | 7.3769 | 4.6996 | 3.0665 | 4.7703 |
| Botswana | (Pula) | 4.2439 | 2.7037 | 1.7641 | 2.7443 |
| Brazil | (Real) | 1.3279 | 0.846 | 0.552 | 0.8587 |
| Brunei | (Brunei $) | 2.2845 | 1.4554 | 0.9496 | 1.4773 |
| Bulgaria | (Lev) | 103.565 | 65.9945 | 43.0599 | 66.9646 |
| Burkina Faso | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Burma | (Kyat) | 9.2229 | 5.8759 | 3.8338 | 5.9641 |
| Burundi | (Burundi Fr) | 385.720 | 245.744 | 160.343 | 249.431 |
| Cambodia | (Riel) | 4066.42 | 2592.01 | 1691.23 | 2630.9 |
| Cameroon | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Canada | (Canadian $) | 2.2163 | 1.412 | 0.9213 | 1.4331 |
| Canary Is | (Sp Peseta) | 209.590 | 133.531 | 87.1258 | 135.534 |
| Cp. Verde | (CV Escudo) | 130.180 | 82.9383 | 54.1153 | 84.1826 |
| Cayman Is | (CI $) | 1.2994 | 0.8278 | 0.5401 | 0.8402 |
| Cent.Afr. Rep | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Chad | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Chile | (Chilean Peso) | 635.040 | 404.587 | 263.984 | 410.657 |
| China | (Yuan) | 13.2468 | 8.4406 | 5.5074 | 8.5675 |
| Colombia | (Col Peso) | 1324.35 | 843.75 | 550.526 | 856.408 |
| CIS § | (Rouble) | 1.0423o | 0.664 | 0.4332 | 0.674 |
| | | 6090.05m | 3880 | 2531.01 | 3938.21 |
| Comoros | (Fr) | 630.644 | 401.914 | 262.24 | 407.944 |
| Congo (Brazz) | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Costa Rica | (Colon) | 257.771 | 164.227 | 107.155 | 166.691 |
| Côte d'Ivoire | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Croatia | (Kuna) | 8.7032 | 5.5448 | 3.6178 | 5.628 |
| Cuba | (Cuban Peso) | 1.5690 | 0.9996 | 0.6522 | 1.0146 |
| Cyprus | (Cyprus £) | 0.7426 | 0.4731 | 0.3086 | 0.4802 |
| Czech Rep. | (Koruna) | 43.5580 | 27.751 | 18.1069 | 28.1673 |
| Denmark | (Danish Krone) | 9.4864 | 6.0438 | 3.9434 | 6.1345 |
| Djibouti Rep | (Djib Fr) | 278.849 | 177.652 | 115.914 | 180.318 |
| Dominica | (E Carib $) | 4.2363 | 2.6969 | 1.761 | 2.7394 |
| Dominican Rep | (D Peso) | 20.7579 | 13.2249 | 8.6289 | 13.4233 |
| Ecuador | (Sucre) | 3567.91o | 2273.13 | 1483.17 | 2307.24 |
| | | 3675.36a | 2341.6 | 1527.84 | 2376.73 |
| Egypt | (Egyptian £) | 5.3339 | 3.3996 | 2.2181 | 3.4505 |
| El Salvador | (Colon) | 13.7601 | 8.7665 | 5.72 | 8.8981 |
| Equat'l Guinea | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Estonia | (Kroon) | 19.2432 | 12.2599 | 7.9993 | 12.4438 |
| Ethiopia | (Ethiopian Birr) | 8.5040 | 5.4179 | 3.535 | 5.4992 |
| Falkland Is | (Falk £) | 1.00 | 0.6371 | 0.4165 | 0.6466 |
| Faroe Is | (Danish Krone) | 9.4864 | 6.0438 | 3.9434 | 6.1345 |
| Fiji Is | (Fiji $) | 2.2107 | 1.4084 | 0.9189 | 1.4295 |
| Finland | (Markka) | 7.4437 | 4.7424 | 3.0943 | 4.8135 |
| France | (Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| Fr. Cty/Africa | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Fr. Guiana | (Local Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| Fr. Pacific Is | (CFP Fr) | 152.932 | 97.4337 | 63.5730 | 98.8964 |
| Gabon | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Gambia | (Dalasi) | 15.3370 | 9.7712 | 6.3755 | 9.9178 |
| Germany | (D-Mark) | 2.4056 | 1.5326 | 1 | 1.5656 |
| Ghana | (Cedi) | 1639.61 | 1044.6 | 681.58 | 1060.28 |
| Gibraltar | (Gib £) | 1.00 | 0.6371 | 0.4156 | 0.6468 |
| Greece | (Drachma) | 374.102 | 238.342 | 155.513 | 241.916 |
| Greenland | (Danish Krone) | 9.4864 | 6.0438 | 3.9434 | 6.1345 |
| Grenada | (E Carr $) | 4.2363 | 2.6969 | 1.761 | 2.7394 |
| Guadeloupe | (Local Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| Guam | (US $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Guatemala | (Quetzal) | 8.8004 | 5.6067 | 3.6582 | 5.6908 |
| Guinea | (Fr) | 1572.31 | 1001.73 | 653.604 | 1016.78 |
| Guinea-Bissau | (Peso) | 21289.8 | 13563.8 | 8850.1 | 13767.3 |
| Guyana | (Guyanese $) | 222.798 | 141.946 | 92.6163 | 144.075 |
| Haiti | (Gourde) | 29.9522 | 19.0826 | 12.451 | 19.3699 |
| Honduras | (Lempira) | 14.6074 | 9.3064 | 6.0722 | 9.446 |
| Hong Kong | (HK $) | 12.1711 | 7.7542 | 5.0594 | 7.8705 |
| Hungary | (Forint) | 178.576 | 113.772 | 74.2334 | 115.479 |
| Iceland | (Icelandic Krona) | 107.649 | 68.5837 | 44.7493 | 69.6126 |
| India | (Indian Rupee) | 49.2250 | 31.3614 | 20.4626 | 31.8316 |
| Indonesia | (Rupiah) | 3570.74 | 2274.94 | 1484.34 | 2309.07 |
| Iran | (Rial) | 2732.50 | 1740.89 | 1135.89 | 1767.01 |
| Iraq | (Iraqi Dinar) | 0.8768 | 0.5586 | 0.3644 | 0.5669 |
| Irish Rep | (Punt) | 1.0121 | 0.6448 | 0.4207 | 0.6544 |
| Israel | (Shekel) | 4.7286 | 3.0127 | 1.9657 | 3.0579 |
| Italy | (Lira) | 2541.89 | 1619.45 | 1056.66 | 1643.75 |
| Jamaica | (Jamaican $) | 50.1298 | 31.9378 | 20.8387 | 32.4169 |
| Japan | (Yen) | 154.640 | 98.5219 | 64.2833 | 100 |
| Jordan | (Jordanian Dinar) | 1.0967 | 0.6989 | 0.4567 | 0.7104 |
| Kenya | (Kenya Shilling) | 69.7421 | 44.433 | 28.9915 | 45.0996 |
| Kiribati | (Australian $) | 2.0714 | 1.3196 | 0.861 | 1.3394 |
| Korea North | (Won) | 3.3734 | 2.1492 | 1.4023 | 2.1814 |
| Korea South | (Won) | 1247.49 | 794.776 | 518.573 | 806.689 |
| Kuwait | (Kuwaiti Dinar) | 0.4694 | 0.299 | 0.1951 | 0.3035 |
| Laos | (New Kip) | 1131.25 | 720.725 | 470.257 | 731.538 |
| Latvia | (Lats) | 0.8599 | 0.5478 | 0.3574 | 0.556 |
| Lebanon | (Lebanese £) | 2581.91 | 1644.95 | 1073.29 | 1669.63 |
| Lesotho | (Maluti) | 5.5339 | 3.5256 | 2.3004 | 3.5785 |
| Liberia | (Liberian $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Libya | (Libyan Dinar) | 0.5606 | 0.3572 | 0.2331 | 0.3626 |
| Liechtenstein | (Swiss Fr) | 2.0203 | 1.2871 | 0.8398 | 1.3064 |
| Lithuania | (Litas) | 6.2760 | 3.9984 | 2.6089 | 4.0584 |
| Luxembourg | (Lux Fr) | 49.5429 | 31.564 | 20.5948 | 32.0375 |
| Macao | (Pataca) | 12.5424 | 7.9908 | 5.2138 | 8.1107 |
| Madagascar | (MG Fr) | 5648.40 | 3598.62 | 2348.02 | 3652.61 |
| Madeira | (Port Escudo) | 248.538 | 158.345 | 103.316 | 160.72 |
| Malawi | (Kwacha) | 23.8148 | 15.1725 | 9.8997 | 15.4001 |
| Malaysia | (Ringgit) | 4.0173 | 2.5594 | 1.6699 | 2.5978 |
| Maldive Is | (Rufiya) | 18.4671 | 11.7654 | 7.6767 | 11.9419 |
| Mali Rep | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Malta | (Maltese Lira) | 0.5749 | 0.3662 | 0.2389 | 0.3717 |
| Martinique | (Local Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| Mauritania | (Ouguiya) | 191.418 | 121.953 | 79.5716 | 123.783 |
| Mauritius | (Maur Rupee) | 28.1165 | 17.9131 | 11.6879 | 18.1019 |
| Mexico | (Mexican Peso) | 8.2716 | 5.2698 | 3.4384 | 5.3489 |
| Miquelon | (Local Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| Monaco | (French Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| Mongolia | (Tugrik) | 643.965 | 410.273 | 267.694 | 416.428 |
| Montserrat | (E Carr $) | 4.2363 | 2.6989 | 1.761 | 2.7394 |
| Morocco | (Dirham) | 13.8880 | 8.8481 | 5.7731 | 8.9808 |
| Mozambique | (Metical) | 10135.0 | 6457.06 | 4213.09 | 6553.93 |
| Namibia | (S A Rand) | 5.5339 | 3.5256 | 2.3004 | 3.5785 |
| Nauru Is | (Australian $) | 2.0714 | 1.3196 | 0.861 | 1.3394 |
| Nepal | (Nepalese Rupee) | 77.5086 | 49.3811 | 32.22 | 50.1219 |
| Netherlands | (Guilder) | 2.6950 | 1.7176 | 1.1206 | 1.7433 |
| N'nd Antilles | (A/Guilder) | 2.8085 | 1.7893 | 1.1674 | 1.8161 |
| New Zealand | (NZ $) | 2.4578 | 1.5657 | 1.0216 | 1.5892 |
| Nicaragua | (Gold Cordoba) | 11.0856 | 7.0626 | 4.6082 | 7.1688 |
| Niger Rep | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Nigeria | (Naira) | 34.5301 | 21.9992 | 14.354 | 22.3293 |
| Norway | (Nor. Krone) | 10.5393 | 6.7108 | 4.3786 | 6.8114 |
| Oman | (Rial Omani) | 0.6043 | 0.385 | 0.2512 | 0.3907 |
| Pakistan | (Pak. Rupee) | 48.3878 | 30.8281 | 20.1146 | 31.2908 |
| Panama | (Balboa) | 1.5696 | 1 | 0.6524 | 1.015 |
| Papua New Guinea | (Kina) | 1.8336 | 1.1681 | 0.7622 | 1.1857 |
| Paraguay | (Guarani) | 3038.02 | 1934.26 | 1262.06 | 1963.28 |
| Peru | (New Sol) | 3.4193 | 2.1784 | 1.4213 | 2.2111 |
| Philippines | (Peso) | 38.4541 | 24.4992 | 15.9852 | 24.8668 |
| Pitcairn Is | (£ Sterling) | 1.00 | 0.6371 | 0.4156 | 0.6466 |
| | (NZ $) | 2.4576 | 1.5657 | 1.0216 | 1.5892 |
| Poland | (Zloty) | 3.8070 | 2.4254 | 1.5825 | 2.4618 |
| Portugal | (Escudo) | 248.538 | 158.345 | 103.316 | 160.72 |
| Puerto Rico | (US $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Qatar | (Riyal) | 5.7104 | 3.6381 | 2.3737 | 3.6927 |
| Reunion Is. de la | (F/Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| Romania | (Leu) | 2768.00 | 1763.51 | 1150.65 | 1789.96 |
| Rwanda | (Fr) | 250.100 | 159.34 | 103.966 | 161.73 |
| St Christopher | (E Carr $) | 4.2363 | 2.6969 | 1.761 | 2.7394 |
| St Helena | (£) | 1.00 | 0.6371 | 0.4156 | 0.6466 |
| St Lucia | (E Carr $) | 4.2363 | 2.6969 | 1.761 | 2.7394 |
| St Pierre | (French Fr) | 8.3163 | 5.2983 | 3.457 | 5.3778 |
| St Vincent | (E Carr $) | 4.2363 | 2.6969 | 1.761 | 2.7394 |
| San Marino | (Italian Lira) | 2541.89 | 1619.45 | 1056.66 | 1643.75 |
| Sao Tome | (Dobra) | 1490.36 | 949.516 | 619.538 | 963.761 |
| Saudi Arabia | (Riyal) | 5.8873 | 3.7508 | 2.4473 | 3.8071 |
| Senegal | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Seychelles | (Rupee) | 7.7548 | 4.9406 | 3.2236 | 5.0147 |
| Sierra Leone | (Leone) | 964.935 | 614.765 | 401.12 | 623.986 |
| Singapore | ($) | 2.2845 | 1.4554 | 0.9496 | 1.4773 |
| Slovakia | (Koruna) | 48.3710 | 30.8174 | 20.1076 | 31.2797 |
| Slovenia | (Tolar) | 201.052 | 128.091 | 83.5766 | 130.013 |
| Solomon Is | ($) | 5.1634 | 3.2896 | 2.1464 | 3.3389 |
| Somali Rep | (Shilling) | 4110.76 | 2619 | 1708.84 | 2658.29 |
| South Africa | (Rand) | 5.5339c | 3.5256 | 2.3004 | 3.5785 |
| | | 6.5821g | 4.1936 | 2.7403 | 4.2628 |
| Spain | (Peseta) | 209.590 | 133.531 | 87.1258 | 135.534 |
| Spanish Ports in N Africa | (Sp Peseta) | 209.590 | 133.531 | 87.1258 | 135.534 |
| Sri Lanka | (Rupee) | 78.1008 | 49.7584 | 32.4662 | 50.5049 |
| Sudan Rep | (Dinar) | 48.7959 | 31.0881 | 20.2842 | 31.5545 |
| Surinam | (Guilder) | 518.555 | 330.374 | 215.562 | 335.33 |
| Swaziland | (Lilangeni) | 5.5339 | 3.5256 | 2.3004 | 3.5785 |
| Sweden | (Krona) | 11.7797 | 7.5049 | 4.8967 | 7.6174 |
| Switzerland | (Fr) | 2.0203 | 1.2871 | 0.8398 | 1.3064 |
| Syria | (£) | 35.5625 | 22.657 | 14.7832 | 22.9969 |
| Taiwan | ($) | 41.3051 | 26.3156 | 17.1703 | 26.7104 |
| Tanzania | (Shilling) | 828.432 | 527.708 | 344.376 | 535.717 |
| Thailand | (Baht) | 39.4743 | 25.1492 | 16.4093 | 25.5265 |
| Togo Rep | (CFA Fr) | 831.630 | 529.836 | 345.706 | 537.785 |
| Tonga Is | (Pa'anga) | 2.0714 | 1.3196 | 0.861 | 1.3394 |
| Trinidad/Tobago | ($) | 8.9041 | 5.6729 | 3.7014 | 5.7579 |
| Tunisia | (Dinar) | 1.5474 | 0.9858 | 0.6432 | 1.0006 |
| Turkey | (Lira) | 62754.9 | 39968.7 | 26078.7 | 40568.4 |
| Turks & Caicos | (US $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Tuvalu | (Australian $) | 2.0714 | 1.3196 | 0.861 | 1.3394 |
| Uganda | (New Shilling) | 1449.48 | 919.848 | 600.05 | 933.445 |
| Ukraine | (Karbovanets) | 163460.0 | 104160 | 67962.3 | 105723 |
| U A E | (Dirham) | 5.7646 | 3.6726 | 2.3963 | 3.7277 |
| United Kingdom | (£) | 1.00 | 0.6371 | 0.4156 | 0.6466 |
| United States | (US $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Uruguay | (Peso Uruguayo) | 9.1787 | 5.8477 | 3.8155 | 5.9355 |
| Vanuatu | (Vatu) | 173.276 | 110.396 | 72.031 | 112.053 |
| Vatican | (Lira) | 2541.89 | 1619.45 | 1056.66 | 1643.75 |
| Venezuela | (Bolivar) | 266.620 | 169.865 | 110.833 | 172.413 |
| Vietnam | (Dong) | 17384.5 | 11075.8 | 7226.66 | 11241.9 |
| Virgin Is-British | (US $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Virgin Is-US | (US $) | 1.5696 | 1 | 0.6524 | 1.015 |
| Western Samoa | (Tala) | 3.9225 | 2.499 | 1.6305 | 2.5365 |
| Yemen (Rep of) | (Rial) | 88.30a(2) | 56.2583 | 36.706 | 57.1003 |
| Yemen (Rep of) | (Dinar) | 0.6884(2) | 0.4386 | 0.2861 | 0.4451 |
| Yugoslavia | (New Dinar) (1) | | | | |
| Zaire Rep | (Zaire) | 5012.00 | 3193.17 | 2083.47 | 3241.06 |
| Zambia | (Kwacha) | 1060.62 | 668.596 | 449.259 | 689.927 |
| Zimbabwe | ($) | 13.1839 | 8.3995 | 5.4805 | 8.5255 |

Special Drawing Rights January 12, 1995 United Kingdom £0.938556 United States $1.46274 Germany DM2.24967 Japan Y146.274 European Currency Unit Rates January 13, 1995 United Kingdom £0.789979 United States $1.23751 Germany DM1.89896 Japan Y122.229

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (n) Currencies fixed against the US Dollar (v) Floating rate; § CIS applies to states in the Rouble Zone. (1) Yugoslav Dinar rate n/a. (2) Yemeni rates for 29.4.94 (3) Correction to Angola on 6/1/95: £796993.0 $514123.0 DM330120.0 Y507590.0. Some data derived from THE WM/REUTERS CLOSING SPOT RATES & Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.

Friday, January 13, 1995


**Emerging routes:** AIR CANADA A BREATH OF FRESH AIR

Vancouver-London-New Delhi. Toronto-Vancouver-Seoul. Toronto-Osaka*

**BANGALORE MASS RAPID TRANSIT LIMITED**
**invites Joint Venture Proposals for an ELEVATED LIGHT RAIL TRANSIT SYSTEM for Bangalore, India**

**Bangalore Mass Rapid Transit Limited (BMRTL)** has been established by the Government of Karnataka (GoK) under the Companies Act 1956, to promote, establish and operate a Mass Rapid Transit System in the city. A feasibility study of the Project has been completed which recommends **implementation, in four Phases, of en Elevated Light Rail Transit System (LRT) Network of six routes and covering 90 route kilometers.**

BMRTL invites proposals from Consortia, or individual companies, who have the capabilities and expertise and who wish to collaborate with GoK in a joint **venture to promote, develop, finance, construct, commission and operate the LRT on e Build-Own-Operate-Transfer (BOOT)** franchise initially for a period of 30 years (with subsequent renegotiated renewals of 20 years) and so structured as to recover all costs of the promoters. After receiving responses, BMRTL will shortlist them and select one Consortium to collaborate with GoK in this Project.

The total landed cost for the full system, including inflation and interest during the construction period, has been estimated at about Rs. 40,000 million. **Initially, the selected Consortium will be required to implement Phase 1 of the LRT (24 kms and Rs. 12,000 million)** and will have first option to implement the remaining Phases of the system. The Consortium will need to raise the major portion of the required financial resources. GoK is prepared to take e minority equity stake and provide some quantum of subordinate debt, if required.

**A Request for Proposals (RFP)** document has been prepared in two volumes which succinctly describes the Feasibility Study; its assumptions and methodology; travel demand and other studies/surveys conducted; the Transport Model; the proposed LRT network; engineering aspects; financial and economic analyses; implementation methodology; expectations from respondents, etc. with necessary Annexures.

This document will be sent to all applicants on **receipt of a non-refundable fee of US Dollars Five Hundred only (if overseas) or Rupees Fifteen Thousand only (if in India)** at the following account(s). Applicants should separately send fax confirmation to BMRTL of the remittance made.

1. **US Dollar Payments to:** Account No: 803-3161-825 of Vijaya Bank, Transaction Code: BMRTL-RFP at BANK OF NEW YORK, International Banking Division, One Wall Street, New York, NY 10015, USA giving the remitter's name and address.
2. **Indian Rupee Payments to:** A/c Bangalore Mass Rapid Transit Limited, Account No. 745, Vijaya Bank, Indiranagar Branch, 325, C.M.H. Road, Indiranagar, Bangalore 560 038, INDIA Tel: 91-80-57 9629 giving the remitter's name and address.
3. **Cheques/Drafts** shall be made payable to "Bangalore Mass Rapid Transit Limited" at Bangalore and mailed to, or submitted at, BMRTL's office at Bangalore.

**Consortia should submit three copies of their response to the RFP, giving the required information, to BMRTL before 1500 hours (IST) on 31st March 1995 (which cannot be extended) at the address given below.** For more information, please contact:

**Mr. K.P.SINGH**
Managing Director
**Bangalore Mass Rapid Transit Limited**
305, Blue Cross Chambers
11, Infantry Road Cross
**BANGALORE-560 001, INDIA**
Tel: 91 80-559 1691 Fax: 91 80-559 1699

PARADE/BMRTL/9501

**If the sun rises we fly from Europe to Japan.**

JAL have 44 flights* per week from Europe to Tokyo and Osaka, leaving from 10 European cities, more than any other carrier.

*Includes 3 joint service flights with Air France.

JAL Japan Airlines A WORLD OF COMFORT

BRADFORD & BINGLEY BUILDING SOCIETY

£150,000,000
Floating Rate Notes Due 1997

In accordance with the terms and conditions of the Notes, the interest rate for the period 13th January, 1995 to 13th April, 1995 has been fixed at 6.5175% per annum. The interest payable on 13th April, 1995 against Coupon 18 will be £160.71 per £10,000 nominal.

Agent Bank
ROYAL BANK OF CANADA

**Tenneco Inc**
HOUSTON, TEXAS

1995 is our 49th consecutive year of cash dividend payments

The 1995 first quarter dividend of 40¢ per share on the Common Stock will be paid March 14 to shareowners of record on February 24. More than 100,000 shareowners will participate in our earnings.

Karl A. Stewart, Vice President and Secretary

# WORLD BOND MARKETS: This Week

## NEW YORK — Tony Jackson

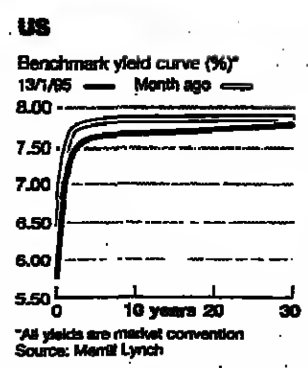
The US bond market still assumes the Federal Reserve will raise interest rates by another 50 basis points at the end of the month. There are now, however, a couple of contrary factors.

One is the unexpected weakness in retail sales in December. This may be merely a quirk in a notoriously volatile series; as Salomon Brothers points out, retail sales still rose by 10 per cent in real terms in the fourth quarter. Indeed, consumer credit in November was rising at an annualised 17 per cent.

The other is Mexico's financial crisis. The knock-on effect has hit countries with high fiscal and trade deficits. The last thing these economies want is higher US rates and a stronger dollar. It hardly seems likely that the Fed will put international considerations ahead of domestic responsibilities but the turbulence in world markets is a complicating factor.

Some US markets are closed today for the Martin Luther King holiday, and there are no government figures. Tomorrow brings December data on industrial production and capacity utilisation; the latter, at around 85 per cent, could be the highest in almost 15 years.

Wednesday brings November business inventories and Thursday November's balance of payments. On Friday come December housing starts, where the market will be alert for signs of slackening.




## LONDON — Graham Bowley

Investors in UK government bonds have a flood of new economic data to digest this week. The data will give the latest snapshot of the UK economy and of the strength of inflationary pressures.

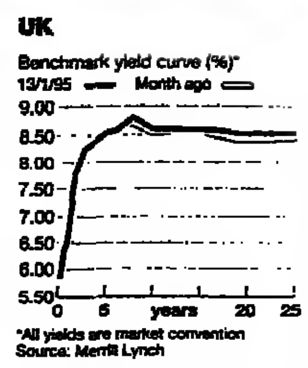
Producer price figures for December are due today. The narrow measure of output prices, excluding food, drink and tobacco, will be of particular concern, said Mr Robert Barrie of Barclays de Zoete Wedd. Prices rose at an annual rate of 2.6 per cent in November and may have ticked higher last month.

Traders fear labour market statistics on Wednesday could show a rise in underlying average earnings in November from 4 per cent in October, which could depress gilts.

Also on Wednesday, dealers will be looking at the retail price index for December. The underlying RPI figure, which excludes mortgage interest payments and is the measure of inflation watched most closely by the government, will be of particular interest. Ms Katy Peters of Daiwa thinks it could rise to 2.4 per cent from 2.3 per cent in November.

Thursday's retail sales figures will give an indication of the strength of consumer demand before Christmas.

Also, the repercussions from the Bank of England's announcement on Friday of its anction of 20-year gilts next week could continue to buffet the market, particularly at the long-end.




## FRANKFURT — Andrew Fisher

German bonds benefited last week from the "safe haven" effect, as the financial problems of Mexico and other countries sent waves of concern through the world's financial markets.

However, traders expect funds to start flowing back into other European markets this week.

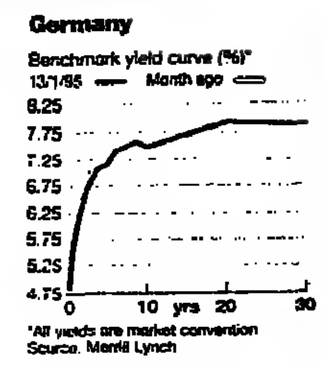
The increased strength of the D-Mark as a result of the unsettled state of markets means the Bundesbank will be under even less pressure to change short-term interest rates.

With domestic inflation on the wane and economic growth continuing on a solid path, as shown by last week's GDP figures for 1994, it has no need to raise rates yet – and is not expected to do so at this Thursday's council meeting.

However, the central bank will try and keep as firm a lid as possible on M3 expansion to ward off future inflation.

The Bundesbank was clearly pleased with the revised November figure of 5.8 per cent for annualised M3 growth, which brings it within the 4 to 6 per cent annual target for last year, which is being repeated for 1995.

Even lower growth is likely for December, with Union Bank of Switzerland economists expecting a rate of 4.8 per cent to make a fourth quarter average of 5.7 per cent; the figure is due this week, as are wholesale prices for December.



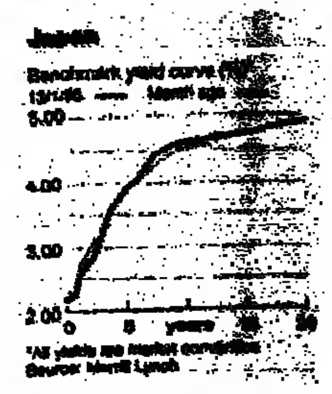

## TOKYO

While the Japanese government bond market saw some buying due to the weakness on the Tokyo stock market, long-term yields fell only marginally as most institutions remained on the sidelines.

Risk aversion, the main cause of the bond market slump last year, seems to be the continuing strategy among institutional investors, and is unlikely to change before the March fiscal year-end.

Caution over bond and stock market volatility is expected to persist among many Japanese institutional investors. This is prompting them to turn to short-term low-risk products, and the call loan and certificate of deposit markets are seeing an increase in the inflow of funds.

The outstanding value of call loans last week totalled Y42,600bn, up from Y39,000bn in December. The yield on overnight call loans has fallen from 2.28 per cent to around 2.25 per cent so far this month.




Certificate of deposit rates have also fallen by some three basis points this year.

Meanwhile, as fears of higher short-term money rates have receded due to easy money market operations by the Bank of Japan, short-term government bonds are also being bought. Although yields rose slightly ahead of next week's auction, rates remain more than 10 basis points lower than those on certificates of deposit.

## International bonds

# Warburg exit highlights pressure on margins

S.G. Warburg's decision radically to scale back its international business and effectively leave the eurobond markets could eventually prove to be a handicap for an investment bank which harbours global ambitions.

Arguably though, the longer-term importance of the move is the way it signals increasing competition in the eurobond market and marks a potential shift in its long-term character.

With issuers keen to force down costs and rival investment banks competing fiercely for the business, eurobond traders have been hard-pressed to maintain margins and the business of raising debt for highly rated government and international companies has become less profitable.

Indeed, for many banks, profits have collapsed and the euromarket has become something of a loss leader, a far cry from the high rolling days of the early 1970s, when banks were able to command big fees for raising money for a relatively select band of borrowers.

"A lot is break-even business, especially the last three months or so," said one syndicate manager. Last year's bear market in bonds has been a crucial factor. "During a bull market the cost of underwriting was being largely paid by investors," says one eurobond manager. "In the bear market it has become apparent that the cost of underwriting and distribution is being paid by intermediaries."

Although Warburg was one of the founders of the business, outside the specialised euro-sterling sector - which accounted for about 7 per cent of the $400bn plus issuance last year - it has steadily lost ground in recent years to "bulge-bracket" US investment banks such as Merrill Lynch, Goldman Sachs and Morgan Stanley.

Last year, although second in the sterling market, Warburg was only the 21st largest issuer in the eurobond markets as a whole. For that reason, the immediate effect of its withdrawal will be relatively insignificant. "Its absence there will hardly be noticed. It never had the critical mass in these currencies to be seen as a credible counterparty," said one banker early last week.

"It is not going to bring the walls of the market tumbling down," said another. "It will not be sorely missed beyond the sterling and French franc markets."

However, Warburg's move could be a watershed for the market. It comes at a time when efforts by banks to keep the prices of eurobonds stable and maintain wider market discipline through voluntary agreement are meeting growing difficulties.

Following a period of fierce competition and losses in the 1980s, banks in 1989 agreed to price their bonds through the so-called fixed-price re-offer technique. Under this system, which has until recently provided greater transparency and helped secure more investor support for the primary issue market, banks which participate in the syndicates that sell bonds agree to offer their paper to investors at a set price in the primary market.

Once the bonds are placed with buyers and the syndicate is "broken", the bonds are freed to trade on the secondary market and to find their own market price. The system initially provided greater transparency and secured more investor support for the primary market.

Over the last 12 months though, the system has come under two broad sets of pressures. On the one hand, the investment banks active in the market have competed fiercely to win eurobond business.

In part, this reflects pressure from large international companies, which have turned to the euromarkets much more actively in the last five to 10 years to raise capital. Especially since interest rates started to rise last year, corporate treasurers have been pressing for better terms.

On the other hand, such have been the conditions on the market over the last 12 months that banks have found it difficult to persuade investors to buy the bonds at these prices. Frequently, prices have moved sharply downwards in trading on the open market, after the primary issue period ends.

As a result, some banks have been left with large amounts of paper on their own books which they can sell only with the greatest difficulty and often at a loss.

"People have been pricing deals and then straight away in the open market the spread has widened," says one trader, adding that has happened in no fewer than seven out of 10 issues in the last few months.

In these circumstances some banks - despite being members of the syndicates - have sometimes abused the system by offering bonds to clients at the lower prices to which they expect them to fall on the open market. "Some syndicate members simply haven't stuck to the spirit of the agreement they have signed," said a banker. "Market discipline has been lost as a result of poor behaviour," he added.

Speculative activity by some dealers trading on the assumption that the price of a bond will fall on the open market has made matters worse.

Banks have been left with big quantities of bonds which they can sometimes sell only at a loss. After just over a week of issuance this year banks have been left with about $10bn worth of bonds on their hands, for example.

All this has put more pressure on banks' expenses, which rose during the bull markets of 1992 and 1993. "We had two years of bull markets - and I am sure people let expenses get a little out of hand," said Mr Cliff Dammers, secretary general of the International Primary Market Association.

The rise in short-term interest rates has pushed up the cost of carry and increased the necessity to sell small-ticket amounts to retail buyers, which is more expensive than big-ticket deals to institutions.

Overall, margins on eurobond business, which have been driven down steadily in the last 20 years, have suffered a further squeeze. In the early days of the market, fees for raising eurobonds could frequently be as much as 2½ per cent of the money raised. That has now dwindled to one quarter percentage point.

Increasingly, winning a eurobond mandate has been seen as less of a profitable transaction in its own right and more of a way of developing ties with the issuer to win other business.

Banks have also become preoccupied with league tables drawn up by trade publications, which they use for advertising and marketing. "People are undercutting for the prestige of handling certain issues. A lot of the eurobond market works as a loss leader," said one syndicate manager.

In these circumstances, it seems possible that more banks will follow S.G. Warburg's example and leave the market, while others may be forced to be much more selective in the deals they handle.

Some houses are relaxed about the future, and put Warburg's exit down to cyclical pressures. But 30 years on from the historic $15m loan for Autostrade Italiane, life hasn't become any easier. It's still tough on the street. Warburg accepted that and other banks may soon have to accept it too.

**Richard Lapper, Martin Brice, and Graham Bowley**


# Number 1 in the Eurolira Market in 1994

Abbey National — Abbey National plc — Lire 150 billion 10.20% Callable Notes due 1999

Abbey National — Abbey National plc — Lire 250 billion 9.625% Callable Notes due 2004

Bayerische Vereinsbank Aktiengesellschaft — Lire 250 billion 11% Notes due 1996

Bayerische Vereinsbank Aktiengesellschaft — Lire 350 billion 7.90% Notes due 2004

BNP — Lire 150 billion 11.125% Notes due 1996

Crédit Local de France — Lire 150 billion 10.50% Notes due 1999

Crédit Local de France — Lire 250 billion 11.30% Notes due 1997

Eurofima — Lire 300 billion 10.40% Notes due 1999

Lire 1,000 billion 7.45% Notes due 1999

Lire 400 billion 10.15% Fungible Notes due 1998

Ford Credit Europe PLC — Lire 150 billion 11.70% Notes due 1998

General Electric Capital Corporation — Lire 200 billion 10.125% Notes due 1998

General Electric Capital Corporation — Lire 150 billion 9.25% Callable Notes due 2004

L-Bank Landeskreditbank Baden-Württemberg — Lire 400 billion 7.80% Notes due 2004

PSA Peugeot Citroën — PSA Finance Holding — Lire 100 billion 10.30% Callable Notes due 1999

PSA Peugeot Citroën — PSA Finance Holding — Lire 150 billion 12% Notes due 1997

Rabobank — Lire 200 billion 9.25% Callable Notes due 2004

SEK — AB Svensk Exportkredit — Lire 50 billion 10.75% Fungible Notes due 2000

SNCF — Société Nationale des Chemins de fer Français — Lire 150 billion 9.20% Callable Notes due 2006

Lire 150 billion 10.75% Notes due 1996

In 1994 Credito Italiano ranked as the **Leading Bookrunner** in the Eurolira Bond Market having Lead Managed **33 bond issues** totalling Lire 4,160 billion (US $2.6 billion) with a **market share of 16%**

Credito Italiano


## NEW INTERNATIONAL BOND ISSUES

| Borrower | Amount m. | Maturity | Coupon % | Price | Yield % | Launch spread bp | Book runner |
|---|---|---|---|---|---|---|---|
| **US DOLLARS** | | | | | | | |
| GECC(a) | 250 | Feb.2000 | 8.625 | 100.00R | 8.625 | +57(7¾%-99) | Goldman Sachs Intl. |
| Prime Target, Tranche 3(e)‡ | 300 | Oct.2001 | (e1,a) | 100.15 | - | - | Nomura International |
| Ford Motor Credit Co. | 250 | Jan.2000 | 8.625 | 99.937R | 8.641 | - | Deutsche Bank London |
| Federal Home Loan Mtg.Corp. | 500 | Jan.1997 | 7.75# | 99.918R | 7.795 | +20(7½%-96) | Nomura International |
| Abbey Natl.Treasury Services | 200 | Feb.1997 | 8.00 | 99.974R | 8.015 | +30(7½%-96) | UBS |
| Amer.Express Centurion Bank | 200 | Jan.1997 | 8.125 | 99.943R | 8.157 | +43(7½%-96) | Lehman Brothers Intl. |
| SCCMT 95-1(r,s) | 625 | Jan.2007 | 8.25# | 99.8179R | 8.278 | +80(7⅞%-04) | Salomon Brothers Intl. |
| Federal Home Loan Banks(f) | 500 | Jan.1997 | 7.78# | 100.00R | 7.780 | +41(7½%-96) | JP Morgan Securities |
| Kingdom of Sweden | 300 | Jan.1998 | 4.50# | 92.52 | 7.322 | - | Nomura International |
| LB Rheinland-Pfalz | 200 | Feb.1998 | 8.00 | 99.76R | 8.092 | +28(7¾%-97) | Swiss Bank Corp. |
| CS Holding Finance(Guernsey) | 200 | Feb.1998 | 8.00 | 99.775R | 8.086 | +25(7¾%-97) | CS First Boston |
| Student Loan Mrktng.Assoc.★ | 125 | Feb.1997 | zero | 86.40 | 7.444 | - | Daiwa Europe |
| **YEN** | | | | | | | |
| Cregem Finance★‡ | 10bn | Jan.2000 | (b) | 100.00 | - | - | Morgan Stanley Intl. |
| Province of Ontario★‡ | 10bn | Jan.2000 | (f) | 100.165 | - | - | Sanwa International |
| WestLB Fin.(Curacao)(k)★ | 20bn | Aug.2001 | 4.40 | 100.30R | - | - | Fuji Intl. Finance |
| Republic of Iceland★ | 15bn | Jan.2005 | 4.90 | 99.75R | 4.932 | - | Daiwa Europe |
| NSW Treasury Corp.(m)★ | 20bn | Feb.2000 | (m1,l) | 99.99 | - | - | Nomura International |
| **STERLING** | | | | | | | |
| Japan Development Bank | 250 | Jan.2005 | 9.125 | 98.943R | 9.134 | +30(8½%-05) | BZW/ JP Morgan Secs. |
| Republic of Finland | 250 | Feb.2010 | 9.375 | 98.95R | 9.509 | +62(9%-08) | BZW/ UBS |
| Britannia B/S(n)‡ | 125 | Jan.2000 | (n1) | 99.825R | - | - | Kleinwort Benson |
| Abbey Natl.Treas.Services(o)‡ | 75 | Feb.1998 | (o1,l) | 100.00R | - | - | Goldman Sachs Intl. |
| Sara Lee Holdings(s) | 51 | Dec.2004 | 9.43# | 100.00 | - | - | Salomon Brothers Intl. |
| **D-MARKS** | | | | | | | |
| KfW International Finance | 1bn | Jan.2000 | 7.50 | 100.05R | 7.488 | +15(7%-99) | Deutsche Bank |
| Province of Ontario‡ | 500 | Jan.2000 | (c) | 99.92R | - | - | CSFB-Effectenbank |
| Asfinag(d) | 100 | Dec.1999 | 7.125 | 101.09 | 6.849 | - | Morgan Stanley Frt |
| Depfa Finance, Neths.(l) | 1bn | Feb.1999 | 7.375 | 99.825R | 7.427 | +17(5¾%-99) | Bayer LB/Commerzbk. |
| **FRENCH FRANCS** | | | | | | | |
| European Investment Bank | 1.5bn | Feb.2005 | 8.50 | 100.59R | 8.410 | +8(7½%-05) | Banque Paribas |
| **CANADIAN DOLLARS** | | | | | | | |
| LB Schleswig-Holstein | 100 | Feb.1998 | 9.25 | 99.8125R | 9.325 | +23(l) | Paribas Capital Markets |
| **SWISS FRANCS** | | | | | | | |
| JP Morgan & Co. | 200 | Feb.2003 | 5.50 | 102.25 | 5.150 | - | Zurich Kantonalbank |
| Bayerische Landesbank(l) | 150 | Oct.1998 | 5.375 | 102.75 | 4.555 | - | Credit Suisse |
| Wuerth Finance International | 100 | Feb.2001 | 6.00 | 101.875 | 5.623 | - | Credit Suisse |
| **ITALIAN LIRE** | | | | | | | |
| PepsiCo | 150bn | Feb.1998 | 11.375 | 101.373 | 10.81 | - | Credito Italiano |
| European Inv'ment Bank‡ | 1000bn | Mar.1998 | (g,a) | 100.075 | - | - | BCI/SP [illegible] |
| DSL Bank(l) | 200bn | Mar.1997 | 11.20 | 100.98 | 10.84 | - | BNL/ JP Morgan Secs. |
| **GUILDERS** | | | | | | | |
| ABN Amro Bank | 300 | Feb.2000 | 7.625 | 99.65R | 7.712 | +18(6¾%-00) | ABN Amro Bank |
| Rabobank Nederland | 500 | Jan.2005 | 8.00 | 101.25 | 7.815 | - | Rabobank Nederland |
| De BG | 200 | Feb.2003 | 7.75 | 99.35R | 7.863 | +20(7%-03) | ABN Amro Bank |
| **LUXEMBOURG FRANCS** | | | | | | | |
| SNCF | 2bn | May.2001 | 8.10 | 102.75 | 7.518 | - | Crédit Européen |
| Republic of Ireland(l) | 2bn | Apr.1998 | 7.75 | 102.00 | 7.01 | - | BIL |
| Paribalux Finance(l) | 2.5bn | Apr.1999 | 8.00 | 102.20 | 7.35 | - | Paribas Luxembourg |
| Banque UCL | 2bn | Feb.1998 | 7.625 | 101.85 | 6.998 | - | Banque UCL |
| BMW Finance(l) | 2.5bn | May.2000 | 8.10 | 102.45 | 7.50 | - | BGL/ BCEE |
| Bremer LB Finance Curacao(l) | 2bn | May.2000 | 8.00 | 102.35 | 7.42 | - | Kredietbank |
| DSL Finance(p) | 1.5bn | Dec.2000 | 8.00 | 102.30 | 7.50 | - | BGL/ Bqe.Paribas Lux. |
| Daimler Benz Luxembourg(l) | 2bn | May.2001 | 8.125 | 102.60 | 7.57 | - | BIL/Dresdner Bank Lux. |
| Asfk-Cyer Ilco(l) | 3bn | May.1999 | 7.75 | 101.625 | 7.27 | - | Banque UCL |
| **ECUS** | | | | | | | |
| DSL Bank(q,s) | 100 | Aug.1998 | 8.25 | 99.976R | 8.30 | +5(7¼%-98) | Hambros Bank |
| **AUSTRALIAN DOLLARS** | | | | | | | |
| GECC | 100 | Feb.1998 | 10.75 | 101.285 | 10.23 | - | BZW |
| Treasury Corp. of Victoria★ | 200 | Jan.1998 | 4.50# | 86.675 | 9.728 | - | Nomura International |
| **ESCUDOS** | | | | | | | |
| Dresdner Intl. Finance‡ | 15bn | Jan.1999 | (u) | 100.06 | - | - | BPI |

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. §Convertible. ‡Floating-rate note. ◊With equity warrants. ★Unlisted. #Semi-annual coupon and yield. R: fixed re-offer price. a) Callable on 10/2/97 at par. b) ½% fixed annual for 1st yr and 12-mth Libor +30bp thereafter. c) 3-mth Libor +0.0625%. d) Fungible with DM200m. Plus 40 days accrued. e) 3-tranche deal. Tranche 1: Y30m, 3-mth Libor +20bp, 17/1/98, 100.16%. Tranche 2: Y30m, 5-yr swap rate -45bp, 17/10/01, 100.18%. e1) 3-mth Libor +45bp. f) ½% fixed annual to 30/1/96 and 12-mth Libor +30bp thereafter. Short last coupon. g) 3-mth Libor -30bp. h) Spread relates to French Govt Ecu BTANs. i) Over interpolated yield. l) Fungible with [illegible]. Plus 90 days accrued. l) Long 1st coupon. m) Callable on 2/2/98 at par. m1) 3.8% to 2/2/98 and 4.1% thereafter. n) Callable on any coupon date from Jan.98 at par. n1) 3-mth Libor +¼%. o) Callable on 18/2/98 at par. o1) 3-mth Libor +¼% for 1st yr and 10% fixed annual thereafter. p) Fungible with LFr4.5bn. Plus 31 days accrued. q) 6-mth Libor flat. r) Standard Credit Card Master Trust. Expected maturity: 7/1/05. s) Short 1st coupon. t) Callable on 30/1/96 & 30/7/96 at par. Note: Yields are calculated on ISMA basis.


**Telecommunications Forward Survey Programme 1995**

1 FT IT - Information and Communications Technology — March 1995
2 Asia Pacific Telecommunications — April 1995
3 Telecommunications in Business — June 1995
4 International Telecommunications — September 1995
5 New Broadcast and Communications Media — October 1995
6 Mobile Communications — November 1995

For further information or an early editorial synopsis please complete the form below and return it to: Alicia Andrews, Financial Times, One Southwark Bridge, London SE1 9HL or fax +44 (0) 171 873 3062

My particular areas of interest are ............ (insert numbers)

I am interested for
☐ Advertising ☐ PR ☐ Reference

Name............................
Title.............................
Job Title........................
Tel...............................
Company Address...............
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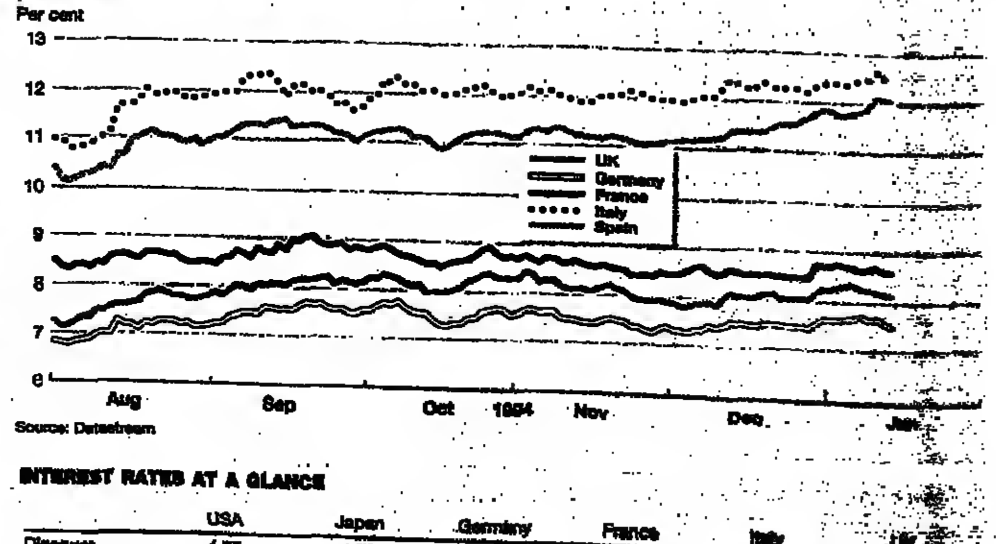
## 10-year benchmark bond yields




Source: Datastream

### INTEREST RATES AT A GLANCE

| | USA | Japan | Germany | France | Italy | UK |
|---|---|---|---|---|---|---|
| Discount | 4.75 | 1.75 | 4.50 | 6.40[1] | 7.50 | [illegible] |
| Overnight | 5.44 | 2.22 | 4.78 | 5.91 | 8.38 | [illegible] |
| Three month | 5.71 | 2.28 | 4.96 | 5.85 | 9.18 | [illegible] |
| One year | 6.91 | 2.53 | 5.78 | 6.75 | 10.90 | [illegible] |
| Five year | 7.84 | 3.86 | 7.13 | 7.81 | 12.88 | [illegible] |
| Ten year | 7.87 | 4.83 | 7.52 | 8.19 | 12.85 | [illegible] |

(1) France-Repo rate. (2) UK-Base rate. Source: Reuters.

### US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

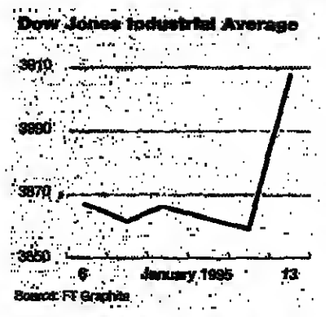
| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 99-05 | 100-04 | +1-00 | 100-14 | 99-04 | 378,348 | [illegible] |
| Jun | 98-23 | 99-22 | +1-00 | 99-31 | 98-23 | 701 | [illegible] |
| Sep | 98-20 | 99-13 | +0-31 | 99-18 | 98-20 | 182 | [illegible] |

# EQUITY MARKETS: This Week

## NEW YORK

Lisa Bransten

### Attention turns to earnings reports




Friday's soaring market reopened the question of how much the Federal Reserve will raise interest rates at the end of the month, if at all, and it is unlikely to lift the uncertainty that continues to hang over Wall Street.

Still, this week may be a good one for the market because, for the first time in many weeks, activity will not be dominated by idle speculation about interest rate increases, but by real numbers in the form of earnings reports. The numbers are expected to be very good, given the overall strength of the economy in the fourth quarter, according to Mr Marshall Acuff, portfolio strategist at securities firm Smith Barney.

"We are now in the earnings reporting season and that is going to dominate the market day-to-day," he says "There may be more movement on individual stocks than on the market as a whole."

He adds that uncertainty may hold the market back from achieving the new highs it has been striving for in recent sessions. With six interest rate increases in the past 11 months, the Fed kept investors off guard most of the last year and thus far into the new one. Interest rates ultimately hurt the market because they slow consumer spending and deter corporate borrowing.

Until last week, there was a clear consensus on Wall Street that the Federal Reserve would raise interest rates by 50 to 75 basis points at or before the January 31 meeting of its Open Market Committee. That consensus was thrown into question after retail sales figures and growth in the Consumer Price Index came in well below forecasts.

Economists will take note of December data on capacity utilisation and the Federal Reserve Bank of Philadelphia's index of business activity – due out on tomorrow and Wednesday respectively – but neither statistic is likely to give an overwhelming signal about the strength of the economy.

Instead, most analysts will probably focus on last week's data. If consumption is truly waning, as the retail sales figures indicate, then it may prove difficult for retailers and manufacturers to pass on price increases to consumers. This would have the effect of staving off consumer-level inflation and some would argue that it might put the Fed off the trail of monetary tightening.

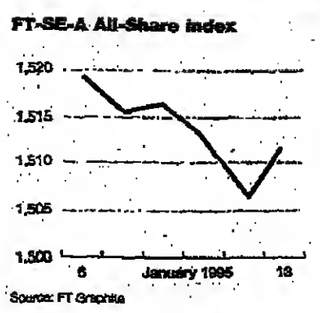
Others, however, hold firm to their assessment that the Fed will continue on its course of monetary tightening.

Mr Joseph Liro of S.G. Warburg Research says the "benign December inflation reports and the weakness implied by the December retail sales data will not stay the Fed's hand from raising interest rates another 50 basis points over the coming weeks".

## LONDON

Terry Byland

### Downward drift likely to continue




It is quite a while since the UK stock market has had to face turbulence in the currency markets but, for the time being at least, there seems little substance behind the more apocalyptic comments from some City houses.

Equities have continued to drift down, but no more so than they have since the turn of the year. Share prices have been unsettled every afternoon as Wall Street and New York dealing in the dollar took on board the latest developments in currencies. But no great harm came to the international dollar stocks and the market remained more alert to the dramas at Saatchi & Saatchi than to the wider world.

Unless the currency markets have something truly alarming in store, UK stocks seem unlikely to change step. Investors continue to concentrate on the chances of a rise in US rates at the Federal Open Market Committee Meeting at the end of the month. On this point, HSBC's Mr Mark Cliffe doubts the Mexican currency crisis will weaken the Fed's determination to tighten policy again – by 50 basis points, he believes. Following Friday's news of an unexpected dip in US retail sales, analysts in London were retracting forecasts of a 75bp rise. However, they still expect the Fed to tighten again soon, even if tensions have relaxed a little for the moment.

Any "flight to quality", he said, is likely to benefit the D-Mark and thus postpone any upward move in German rates, even though last week's gross domestic product data indicate that the German economic recovery is strengthening.

The lack of genuine investment factors in the London stock market has turned attentioo to more technical pressures. Derivative Securities says its latest volume chart measurements indicate "the beginnings of a fall" from the overbought levels still apparent a week ago. There are still more stocks looking over-bought than under-bought, says Derivatives Securities, putting BTR and Dixons at the head of a list which also takes in BA, BT, Cadbury-Schweppes, Forte, GEC, Glaxo and J. Sainsbury.

But the firm also believes that the Mexican problem is a minor influence on the UK stock market which is not likely to find itself categorised as a high risk market.

The risk of a further rise in UK base rates has also beeo put back, perhaps until the end of the quarter, according to Richard Jeffrey at Charterhouse Tilney Securities. This would give the market a trouble-free run – Mexico permitting – until domestic taxes rise in April.

Kleinwort Benson, characterising UK equities as "dull but worthy", forecasts two further half-point base rate rises later this year, as the governor of the Bank of England tests "the bounds of his expanded influence".

## International offerings

### Emerging market activity all but grinds to a halt

The primary equity markets got off to a slow start this year, with issuance subdued by emerging-market turmoil, fears of interest rate increases in the US and Europe, and political uncertainty clouding some European privatisation programmes.

In the emerging markets, which accounted for about half of last year's equity issuance, primary activity has all but ground to a halt.

Latin America's markets were hit by the financial crisis in Mexico following the peso devaluation, while eastern Europe's have been rattled by developments in Russia, where the Chechen crisis and uncertainty over the country's budget and currency outlook are weighing on equities.

In India, where companies last year raised more than $2bn though new equities (and are expected to raise twice as much in 1995), supply has dried to a trickle amid nervousness ahead of February state elections and the March Budget.

"The situation in the emerging markets is unquestionably affecting equity issuance – there's been a real setback in confidence among many investors who have got burnt twice in the last year," said a London syndicate manager.

But dedicated emerging-market investors are unlikely to pull out of the region, and observers say it's only a matter of time until demand – and issuance – recover.

"Mexico and Russia are having problems, but the fundamentals in other emerging markets haven't changed," says Ms Elizabeth Morrissey, managing partner at Kleiman International Consultants in Washington. Still, she expects emerging market investors to become more selective. Thus, while issuance can recover in some regions, "we won't see much out of Latin America until the dust settles – the bulk of [emerging market] issuance in the first half will come from India," she says.

Equity issuance in the "developed" markets also remains slow, despite a chunky calendar for 1995, including several deals which were postpooed at the end of 1994.

"The potential transaction calendar is very healthy, but the backlog will continue to grow," says Mr Ludovico del Balzo, bead of equity capital markets at Lehman Brothers in London, who expects new issue volumes for the first six mooths to fall substantially from 1994 levels before recovering in the second half.

A near-term gauge of investor demand will be the sale of British Telecom's bolding of 35.9m shares (worth some $1.7bo) in AT&T, the American telephone giant, and the sale of the UK government's remaining 40 per cent stake in the country's two largest private sector electricity generators, National Power and Powergen, both launched last week.

The UK power company sale, jointly co-ordinated by Kleinwort Bensoo and BZW, is expected to be priced early in March. Goldman Sachs and Morgan Stanley will lead the AT&T sale, which has a shorter lead-time with roadshows starting on January 23 and pricing three days later.

A $600m five-year convertible bond for GrandMet, issued partially to finance its acquisition of US food company Pet, is this week's other highlight. The deal, led by Morgan Stanley and likely to be priced early in the week, is expected to see good demand from US, UK and Swiss investors.

Meanwhile, the pricing of up to 14m shares in Finnair, to be sold to domestic and European investors, is expected to take place on Thursday. Bankers reported good interest for the issue, led by Kleinwort Benson, during last week's roadshows. "Many investors remain keen on the airline sector, and I think it could well be oversubscribed," said one official.

**Conner Middelmann**

## OTHER MARKETS

### ZURICH

Roche and Sandoz are due to report 1994 sales figures, tomorrow and on Thursday respectively. International investment interest in the pharmaceuticals sector was revived last week by the German group Schering's initiative in the US, where it gained a manufacturing patent for a new variety of the multiple sclerosis drug, beta interferon, and apparently stole a march on Biogen, its US opponent.

For Roche and Sandoz, Ms Susan Haylock at NatWest Securities says that, in each case, sales will have been boosted by acquisitions but will have been dented significantly by a negative currency effect, reflecting the strength of the Swiss franc during 1994.

Ms Haylock forecasts a 1 per cent increase in sales for Roche and a 3 per cent gain at Sandoz; she expects Roche to predict an increase in profits in spite of restructuring charges and Sandoz to forecast that that profits in 1994 will be at about the 1993 level.

### FRANKFURT

Tuesday's balance sheet press conference at Degussa continues the chemical/pharmaceutical industry theme. In a note on the company last week, Mr John Dorée and Ms Cordula Jansen-Demiray at Robert Fleming said that Degussa shares were the top performing chemical stock in the early phase of the chemical cycle upswing, since the benefits of early cost cutting and good exposure to the US markets were visible; and that extensive restructuring, including the disposal of the vacuum engineering subsidiary, Leybold, has transformed Degussa into a more balanced chemicals/pharmaceuticals group.

Mr Dorée and Ms Jansen-Demiray added that increased attention to the important generic drug market evidenced by competitors making acquisitions at high ratings should also help Degussa's rating, given its ownership of AWD, the largest generic producer in East Germany.

Meanwhile, notes UBS, Thyssen Stahl will open Thyssen's press conference season on Wednesday.

### TOKYO

While stocks on the first section of the Tokyo stock exchange have slumped since the start of the year, the over-the-counter market is seeing an inflow of private investor funds, *writes Emiko Terazono*.

Although the OTC market is known for its speculative nature and the recent surge in activity stems from private investors looking for quick profits, support also comes from a growing interest in small capital stocks.

A total of 74 OTC and small capital stock funds was launched last year compared with 19 in 1993. The value of the new funds totalled Y530bn, more than four times that of 1993.

Mr Ken Segawa, OTC analyst at UBS Securities, believes that the OTC market may have become overheated, and expects prices to ease over the next two weeks.

However, the market should revive as investors continue their search for areas of earnings growth. He predicts a strong first half for the OTC market, but expects share prices to ease in the second half.

### HONG KONG

Volatility is expected to reign for a third week in the Hong Kong stock market as global, China and domestic issues continoe to send tremors through the investment community, *writes Louise Lucas*.

The Hang Seng Index plummeted to a 17-month low last week, closing 5.6 per cent down as property developers slashed the price of apartments, but still failed to achieve full take-up, and as overseas investors rushed to unwind emerging market positions in the wake of the Mexican debacle.

At home, the government was forced to support the Hong Kong dollar on Thursday, prompting a sharp rise in Hong Kong interbank rates. The government acted after offshore sell orders, triggered by the Mexican peso crisis, pushed the Hong Kong dollar to an 18-month low against the US dollar.

There is now concern in some quarters that the currency peg (which aligns the Hong Kong dollar to the US dollar at an official rate of HK$7.80) could come under pressure.

Rumours concerning the health of China's leader Deng Xiaoping returned to plague stock prices in China and Hong Kong last week. On Friday Deng's daughter admitted her father could neither stand nor walk – which will do little to restore confidence in the equity markets this week.

One glimmer of good news among the gloom is a growing perception that the US may now put off raising interest rates by as much as was previously thought, because of the problems in Mexico.

If this proves to be the case and and interbank rates return to normal, there is a possibility that bargain hunters will swoop on stocks, chasing prices higher.

*Compiled by William Cochrane*

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# WORLD STOCK MARKETS

## EUROPE

AUSTRIA (Jan 13 / Sch)

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BELGIUM/LUXEMBOURG (Jan 13 / Frs.)

[illegible]

DENMARK (Jan 13 / Kr)

[illegible]

FINLAND (Jan 13 / Mks)

[illegible]

FRANCE (Jan 13 / Frs.)

[illegible]

GERMANY (Jan 13 / Dm.)

[illegible]

ITALY (Jan 13 / Lire)

[illegible]

NETHERLANDS (Jan 13 / Fls.)

[illegible]

NORWAY (Jan 13 / Kroner)

[illegible]

SPAIN (Jan 13 / Pts.)

[illegible]

SWEDEN (Jan 13 / Kroner)

[illegible]

SWITZERLAND (Jan 13 / Frs.)

[illegible]

## PACIFIC

JAPAN (Jan 13 / Yen)

[illegible]

AUSTRALIA (Jan 13 / Aust$)

[illegible]

HONG KONG (Jan 13 / H.K.$)

[illegible]

MALAYSIA (Jan 13 / MYR)

[illegible]

SINGAPORE (Jan 13 / S$)

[illegible]

## NORTH AMERICA

CANADA

TORONTO (Jan 13 / Can $)
4 pm close

[illegible]

MONTREAL (Jan 13 / Can $)
4 pm close

[illegible]

## AFRICA

SOUTH AFRICA (Jan 13 / Rand)

[illegible]

*Prices supplied by Telekurs*

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. High/Lows are for 1994/95, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

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■ TOKYO - MOST ACTIVE STOCKS: Friday, January 13, 1995

| | Stocks Traded | Closing Prices | Change on day |
|---|---|---|---|
| Joyo Bank | 13.1m | 815 | +4 |
| Chiba Bank | 6.2m | 887 | +2 |
| Sumitomo Mtl Min | 6.0m | 921 | -5 |
| Mitsubishi Oil | 5.2m | 943 | +26 |
| Mitsubishi Hvy | 5.0m | 721 | -7 |
| Gunma Bank | 5.0m | 1080 | +10 |
| Oki Electric | 4.2m | 640 | -21 |
| Nippon Steel | 3.9m | 369 | |
| Sumitomo Chemical | 3.8m | 550 | +6 |
| Sakai Ovex | 3.7m | 726 | -10 |

## INDICES

| | Jan 13 | Jan 12 | Jan 11 | 1994/5 High | | 1994/5 Low | |
|---|---|---|---|---|---|---|---|
| **Argentina** | | | | | | | |
| General (29/12/77) | 16044.71 | 15371.67 | 14226.39 | 25470.40 | 16/2/94 | 13806.48 | 10/1/95 |
| **Australia** | | | | | | | |
| All Ordinaries(1/1/80) | 1858.8 | 1861.9 | 1859.3 | 2340.60 | 3/2/94 | 1842.00 | 12/12/94 |
| All Mining(1/1/80) | 884.8 | 882.3 | 877.8 | 1138.10 | 3/2/94 | 875.80 | 10/1/95 |
| **Austria** | | | | | | | |
| Credit Aktien(30/12/84) | 384.34 | 387.01 | 388.31 | 460.68 | 2/2/94 | 376.94 | 25/10/94 |
| Traded Index(2/1/91) | 1364.40 | 1033.51 | 1036.25 | 1364.40 | 13/1/95 | 1011.36 | 6/6/94 |
| **Belgium** | | | | | | | |
| BEL20 (1/1/91) | 1364.40 | 1367.94 | 1378.61 | 1542.65 | 9/2/94 | 1336.39 | 7/10/94 |
| **Brazil** | | | | | | | |
| Bovespa (29/12/83) | 41038.0 | 38408.0 | 34981.0 | 55110.00 | 13/9/94 | 3600.90 | 3/1/94 |
| **Canada** | | | | | | | |
| Metals Mnls♦(1975) | 4239.26 | 4230.58 | 4215.06 | 4276.02 | 20/10/94 | 3289.66 | 20/4/94 |
| Composite♦ (1975) | 4133.40 | 4152.70 | 4186.70 | 4808.90 | 23/3/94 | 3958.98 | 24/6/94 |
| Portfolio§§ (4/1/83) | 1997.28 | 2001.87 | 2020.20 | 2182.69 | 1/2/94 | 1868.48 | 28/6/94 |
| **Chile** | | | | | | | |
| IPGA Gen (31/12/80) | 5527.1 | 5405.0 | 5230.3 | 5754.40 | 21/11/94 | 3801.20 | 4/4/94 |
| **Denmark** | | | | | | | |
| CopenhagenSE(3/1/83) | 349.83 | 351.90 | 352.03 | 416.79 | 2/2/94 | 335.68 | 20/12/94 |
| **Finland** | | | | | | | |
| HEX General(28/12/90) | 1867.2 | 1892.8 | 1910.1 | 1972.00 | 4/2/94 | 1601.10 | 3/1/94 |
| **France** | | | | | | | |
| SBF 250 (31/12/90) | 1228.65 | 1226.43 | 1228.86 | 1585.20 | 2/2/94 | 1226.43 | 12/1/95 |
| CAC 40(31/12/87) | 1863.98 | 1844.06 | 1849.13 | 2355.93 | 2/2/94 | 1824.42 | 25/10/94 |
| **Germany** | | | | | | | |
| FAZ Aktien(31/12/58) | 768.87 | 775.24 | 771.18 | 858.27 | 18/5/94 | 742.64 | 5/10/94 |
| Commerzbank(1/12/53) | 2194.3 | 2210.8 | 2200.8 | 2465.80 | 2/5/94 | 2116.30 | 5/10/94 |
| DAX (30/12/87)‡ | 2055.62 | 2071.27 | 2061.50 | 2271.11 | 16/5/94 | 1960.59 | 7/10/94 |
| **Greece** | | | | | | | |
| Athens SE(31/12/80) | 844.45 | 862.29 | 862.43 | 1194.58 | 18/1/94 | 804.37 | 22/11/94 |
| **Hong Kong** | | | | | | | |
| Hang Seng(31/7/64) | 7252.34 | 7418.05 | 7392.75 | 12201.09 | 4/1/94 | 7252.34 | 13/1/95 |
| **India** | | | | | | | |
| BSE Sens.(1979) | 3603.86 | 3574.90 | 3602.91 | 4626.57 | 12/9/94 | 3454.00 | 5/1/94 |
| **Indonesia** | | | | | | | |
| Jakarta Comp.(10/8/82) | 441.81 | 452.69 | 461.40 | 612.89 | 5/1/94 | 441.87 | 13/1/95 |
| **Ireland** | | | | | | | |
| ISEQ Overall(4/1/88) | 1868.97 | 1862.74 | 1877.94 | 2082.16 | 20/1/94 | 1694.14 | 1/7/94 |
| **Italy** | | | | | | | |
| Banca Comm Ital (1972) | 634.65 | 624.89 | 626.17 | 817.17 | 10/5/94 | 581.64 | 13/12/94 |
| MIB General (2/1/85) | 1003.0 | 988.0 | 990.0 | 1020.00 | 5/1/95 | 978.00 | 10/1/95 |
| **Japan** | | | | | | | |
| Nikkei 225 (16/5/49) | 19331.17 | 19410.01 | 19548.47 | 21552.81 | 13/6/94 | 17369.74 | 4/1/94 |
| Nikkei 300 (1/10/82) | 279.33 | 280.61 | 283.02 | 311.71 | 13/6/94 | 258.22 | 4/1/94 |
| Topix (4/1/68) | 1511.79 | 1523.35 | 1535.14 | 1712.73 | 13/6/94 | 1445.97 | 4/1/94 |
| 2nd Section (4/1/68) | 2085.23 | 2098.99 | 2103.21 | 2542.65 | 6/7/94 | 1873.33 | 4/1/94 |
| **Malaysia** | | | | | | | |
| KLSE Comp.(4/4/86) | 898.50 | 915.24 | 925.50 | 1314.46 | 5/1/94 | 895.77 | 12/12/94 |
| **Mexico** | | | | | | | |
| IPC (Nov 1978) | (u) | 2123.97 | 2027.65 | 2881.17 | 8/2/94 | 1957.33 | 20/4/94 |
| **Netherland** | | | | | | | |
| CBS TtlRtnGen(End 83) | 440.3 | 438.5 | 439.9 | 464.90 | 31/1/94 | 408.30 | 21/6/94 |
| CBS All Shr (End 83) | 276.3 | 275.1 | 276.0 | 294.80 | 31/1/94 | 257.90 | 21/6/94 |
| **New Zealand** | | | | | | | |
| Cap. 40 (1/7/86) | 1922.72 | 1933.00 | 1945.16 | 2439.64 | 3/2/94 | 1878.88 | 12/12/94 |
| **Norway** | | | | | | | |
| Oslo SE(Ind)(2/1/83) | 1111.89 | 1106.67 | 1116.12 | 1211.10 | 28/2/94 | 980.91 | 21/6/94 |
| **Philippines** | | | | | | | |
| Manila Comp (2/1/85) | 2482.04 | (c) | 2631.47 | 3308.37 | 4/1/94 | 2482.04 | 13/1/95 |
| **Portugal** | | | | | | | |
| BTA (1977) | 2868.4 | 2872.0 | 2885.9 | 3228.80 | 18/2/94 | 2812.80 | 20/6/94 |
| **Singapore** | | | | | | | |
| SES All-S'pore(2/4/75) | 504.89 | 511.09 | 522.31 | 641.81 | 4/1/94 | 504.89 | 13/1/95 |
| **South Africa** | | | | | | | |
| JSE Gold (28/9/78) | 1847.8▼ | 1894.4 | 1821.2 | 2534.00 | 7/9/94 | 1748.00 | 14/2/94 |
| JSE Indl. (28/9/78) | 6848.7▼ | 6853.7 | 6834.8 | 6984.40 | 30/12/94 | 5448.00 | 19/1/94 |
| **South Korea** | | | | | | | |
| KoreaCmpEx(4/1/80)** | 976.59 | 1000.77 | 999.06 | 1138.75 | 8/11/94 | 855.37 | 2/4/94 |
| **Spain** | | | | | | | |
| Madrid SE (30/12/85) | 279.05 | 275.95 | 275.35 | 358.31 | 31/1/94 | 275.35 | 11/1/95 |
| **Sweden** | | | | | | | |
| AffarsvardnGen (1/2/37) | 1513.7 | 1507.5 | 1521.3 | 1660.90 | 31/1/94 | 1334.70 | 6/7/94 |
| **Switzerland** | | | | | | | |
| Swiss Bk Ind (31/12/58) | 1228.34 | 1231.98 | 1230.38 | 1423.34 | 31/1/94 | 1138.72 | 27/10/94 |
| SBC General (1/4/87) | 916.91 | 918.14 | 917.39 | 1089.29 | 31/1/94 | 876.57 | 27/10/94 |
| **Taiwan** | | | | | | | |
| WeightedPr.(30/6/66)** | 6582.40 | 6609.50 | 6777.24 | 7181.13 | 30/9/94 | 5194.63 | 19/3/94 |
| **Thailand** | | | | | | | |
| Bangkok SET (30/4/75) | 1248.59 | 1273.00 | 1314.25 | 1753.73 | 4/1/94 | 1196.88 | 4/4/94 |
| **Turkey** | | | | | | | |
| Istanbul Cmp.(Jan 1986) | 26548.19 | 26673.46 | 27087.1 | 28145.15 | 2/12/94 | 12980.70 | 24/3/94 |
| **WORLD** | | | | | | | |
| MS Capital Int (1/1/70)§ | 612.5* | 613.2 | 613.6 | 649.90 | 2/11/94 | 581.88 | 4/4/94 |
| **CROSS-BORDER** | | | | | | | |
| Eurotrack 100(26/10/90) | 1314.70 | 1308.65 | 1314.99 | 1540.19 | 31/1/94 | 1266.46 | 5/10/94 |
| Euro Top-100 (26/6/90) | 1168.34 | 1161.91 | 1163.01 | 1311.01 | 2/2/94 | 1138.48 | 5/10/94 |
| JCapeDrgns (31/12/88) | (u) | 277.52 | 280.80 | 396.19 | 5/1/94 | 277.52 | 13/1/95 |
| Barings Emerg.(7/1/92) | 143.55 | 139.00 | 137.81 | 191.79 | 26/9/94 | 137.81 | 11/1/95 |

■ CAC-40 STOCK INDEX FUTURES (MATIF)

| | Open | Sett Price | Change | High | Low | Est. vol. | Open Int. |
|---|---|---|---|---|---|---|---|
| Jan | 1854.0 | 1862.0 | +10.0 | 1867.0 | 1832.0 | 27,471 | 23,171 |
| Feb | 1861.5 | 1871.5 | +10.0 | 1872.0 | 1861.5 | 6 | 2,586 |
| Mar | 1870.0 | 1880.0 | +10.0 | 1880.0 | 1857.0 | 968 | 20,880 |

Open interest figures for previous day.

## US INDICES

| Dow Jones | Jan 13 | Jan 12 | Jan 11 | 1994/5 High | 1994/5 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Industrials | 3908.46 | 3858.00 | 3862.03 | 3978.36 (31/1/94) | 3593.35 (4/4/94) | 3978.36 (31/1/94) | 41.22 (2/7/32) |
| Home Bonds | 94.38 | 94.14 | 93.98 | 105.81 (21/1/94) | 93.56 (30/12/94) | 105.77 (18/10/93) | 54.99 (1/10/81) |
| Transport | 1526.82 | 1516.07 | 1507.98 | 1862.29 (2/2/94) | 1371.69 (13/12/94) | 1862.29 (2/2/94) | 12.32 (8/7/32) |
| Utilities | 183.96 | 183.58 | 183.23 | 227.08 (3/1/94) | 173.94 (22/11/94) | 256.46 (31/8/93) | 10.50 (8/4/32) |

DJ Ind. Day's high 3924.27 (3886.38) Low 3852.61 (3831.41) (Theoretical)
Day's high 3910.14 (3864.05) Low 3857.32 (3851.26) (Actual)

| Standard and Poors | Jan 13 | Jan 12 | Jan 11 | 1994/5 High | 1994/5 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|
| Composite ‡ | 465.97 | 461.64 | 461.66 | 482.00 (2/2/94) | 438.92 (4/4/94) | 482.00 (2/2/94) | 4.40 (1/6/32) |
| Industrials▼ | 553.79 | 548.25 | 548.22 | 553.10 (28/10/94) | 510.05 (21/4/94) | 553.19 (28/10/94) | 3.62 (21/6/32) |
| Financial | 43.03 | 42.62 | 42.21 | 46.94 (14/6/94) | 38.87 (22/11/94) | 48.40 (28/9/93) | 8.64 (1/10/74) |
| NYSE Comp. | 253.65 | 251.72 | 251.72 | 267.71 (2/2/94) | 243.14 (4/4/94) | 267.71 (2/2/94) | 4.46 (23/4/42) |
| Amex Mkt Val | 436.13 | 434.89 | 434.66 | 487.89 (2/2/94) | 428.23 (13/12/94) | 487.89 (2/2/94) | 29.31 (9/12/72) |
| NASDAQ Comp | 762.16 | 758.51 | 755.74 | 803.93 (18/3/94) | 693.79 (24/6/94) | 803.93 (18/3/94) | 54.87 (31/10/72) |

■ RATIOS

| | Jan 6 | Dec 30 | Dec 23 | Year ago |
|---|---|---|---|---|
| Dow Jones Ind. Div. Yield | 2.78 | 2.79 | 2.78 | 2.86 |
| | Jan 11 | Jan 4 | Dec 28 | Year ago |
| S & P Ind. Div. yield | 2.44 | 2.48 | 2.44 | 2.40 |
| S & P Ind. P/E ratio | 16.76 | 18.71 | 18.78 | 27.43 |

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

| | Open | Sett price | Change | High | Low | Est. vol. | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 464.05 | 469.05 | +4.80 | 469.05 | 463.70 | 53,619 | 199,544 |
| Jun | 471.00 | 473.05 | +4.85 | 473.05 | 469.15 | 183 | 9,496 |
| Sep | - | 475.15 | +4.65 | 475.90 | - | 18 | 2,630 |

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

| Friday | Stocks traded | Close price | Change on day |
|---|---|---|---|
| Telefonos | 10,859,000 | 36⅝ | +⅝ |
| Citicorp | 4,764,500 | 40⅝ | +1½ |
| Quaker Oats | 3,945,800 | 36¼ | +4⅝ |
| RJR Nabisco | 3,878,900 | 5⅝ | +⅛ |
| Compaq | 3,318,400 | 43⅜ | +⅜ |
| Fannie Mae | 3,145,800 | 71⅝ | +⅝ |
| Westinghse El | 3,006,200 | 13⅛ | +⅛ |
| Wal-Mart | 2,817,700 | 22 | +⅛ |
| GTE Corp | 2,818,700 | 3-½ | +¼ |
| Storage Tech | 2,792,800 | 31½ | +2 |

■ TRADING ACTIVITY

● Volume (million)

| | Jan 13 | Jan 12 | Jan 11 |
|---|---|---|---|
| New York SE | 336.511 | 312.508 | 346.279 |
| Amex | 13.009 | 15.887 | 23.768 |
| NASDAQ | (u) | 278.112 | 303.734 |
| **NYSE** | | | |
| Issues Traded | 2,863 | 2,929 | 2,930 |
| Rises | 1,669 | 1,132 | 1,054 |
| Falls | 650 | 1,050 | 1,160 |
| Unchanged | 534 | 747 | 716 |
| New Highs | 58 | 31 | 24 |
| New Lows | 42 | 64 | 100 |

** Sat Jan 7: Taiwan Weighted Price 6615.40; Korea Comp Ex 986.80. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Jan 13 - 2064.14 +4.46.

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation.


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# CURRENCIES AND MONEY

## POUND SPOT FORWARD AGAINST THE POUND

| Jan 13 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | low | One month Rate | %PA | Three months Rate | %PA | One year Rate | %PA | Bank of Eng. Index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 16.9676 | +0.0789 | 599 - 753 | 16.9753 | 16.8966 | 16.9536 | 1.0 | 16.9132 | 1.3 | - | - | 116.2 |
| Belgium | (BFr) | 49.5429 | +0.077 | 177 - 680 | 49.7280 | 49.4870 | 49.5129 | 0.7 | 49.4229 | 1.0 | 48.9079 | 1.3 | 117.7 |
| Denmark | (DKr) | 9.4864 | +0.0174 | 819 - 908 | 9.5032 | 9.4572 | 9.4882 | -0.2 | 9.4808 | 0.2 | 9.4563 | 0.3 | 117.2 |
| Finland | (FM) | 7.4437 | +0.0232 | 361 - 512 | 7.4670 | 7.4060 | - | - | - | - | - | - | 89.7 |
| France | (FFr) | 8.3163 | +0.0147 | 121 - 205 | 8.3394 | 8.3081 | 8.3137 | 0.4 | 8.3074 | 0.4 | 8.2618 | 0.7 | 110.4 |
| Germany | (DM) | 2.4056 | +0.006 | 045 - 067 | 2.4113 | 2.4010 | 2.4036 | 1.0 | 2.398 | 1.3 | 2.3658 | 1.7 | 127.0 |
| Greece | (Dr) | 374.102 | +0.837 | 940 - 264 | 375.748 | 371.929 | - | - | - | - | - | - | - |
| Ireland | (I£) | 1.0121 | +0.0005 | 114 - 128 | 1.0144 | 1.0100 | 1.0118 | 0.2 | 1.0121 | 0.0 | 1.0114 | 0.1 | 104.9 |
| Italy | (L) | 2541.88 | -0.43 | 014 - 363 | 2558.48 | 2538.00 | 2548.19 | -3.0 | 2559.99 | -2.8 | 2616.04 | -2.9 | 72.6 |
| Luxembourg | (LFr) | 49.5429 | +0.077 | 177 - 680 | 49.7280 | 49.4870 | 49.5129 | 0.7 | 49.4229 | 1.0 | 48.9079 | 1.3 | 117.7 |
| Netherlands | (Fl) | 2.6956 | +0.0039 | 945 - 972 | 2.7025 | 2.6910 | 2.6941 | 0.8 | 2.6883 | 1.1 | 2.653 | 1.6 | 121.8 |
| Norway | (NKr) | 10.5333 | +0.0157 | 285 - 380 | 10.5561 | 10.5194 | 10.5326 | 0.1 | 10.5316 | 0.1 | 10.5233 | 0.1 | 86.8 |
| Portugal | (Es) | 248.538 | +0.685 | 404 - 672 | 249.344 | 247.070 | 249.358 | -4.0 | 250.833 | -3.7 | - | - | - |
| Spain | (Pta) | 209.590 | -0.032 | 504 - 676 | 210.557 | 208.932 | 210.115 | -3.0 | 211.155 | -3.0 | 215.88 | -3.0 | 82.7 |
| Sweden | (SKr) | 11.7797 | +0.0379 | 692 - 901 | 11.8088 | 11.7232 | 11.7967 | -1.7 | 11.8252 | -1.5 | 11.9357 | -1.3 | 74.7 |
| Switzerland | (SFr) | 2.0203 | +0.0082 | 194 - 212 | 2.0261 | 2.0134 | 2.0165 | 2.3 | 2.0085 | 2.3 | 1.963 | 2.8 | 122.7 |
| UK | (£) | - | - | - | - | - | - | - | - | - | - | - | 79.5 |
| Ecu | - | 1.2714 | +0.0022 | 707 - 720 | 1.2744 | 1.2691 | 1.2715 | 0.0 | 1.2718 | -0.1 | 1.2657 | 0.4 | - |
| SDR† | - | 0.939559 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.5698 | +0.0007 | 694 - 702 | 1.5745 | 1.5658 | - | - | - | - | - | - | - |
| Brazil | (R) | 1.3279 | +0.0022 | 260 - 297 | 1.3297 | 1.3260 | - | - | - | - | - | - | - |
| Canada | (C$) | 2.2183 | -0.0056 | 154 - 172 | 2.2331 | 2.2094 | 2.2165 | -0.1 | 2.219 | -0.3 | 2.2289 | -0.8 | 83.7 |
| Mexico | (New Peso) | 8.2718 | -0.6709 | 912 - 519 | 8.4904 | 8.1494 | - | - | - | - | - | - | - |
| USA | ($) | 1.5696 | +0.0007 | 692 - 699 | 1.5743 | 1.5655 | 1.5694 | 0.2 | 1.5692 | 0.1 | 1.5681 | 0.1 | 62.7 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 2.0714 | +0.0263 | 702 - 725 | 2.0781 | 2.0390 | 2.0743 | -1.7 | 2.081 | -1.9 | 2.1178 | -2.2 | - |
| Hong Kong | (HK$) | 12.1711 | -0.0032 | 676 - 746 | 12.2048 | 12.1373 | 12.1401 | 3.1 | 12.2026 | -1.0 | 12.1156 | 0.5 | - |
| India | (Rs) | 49.2250 | +0.019 | 062 - 438 | 49.3880 | 49.1080 | - | - | - | - | - | - | - |
| Japan | (Y) | 154.640 | -0.747 | 566 - 714 | 156.640 | 154.410 | 154.15 | 3.8 | 153.105 | 4.0 | 147.34 | 4.7 | 190.2 |
| Malaysia | (M$) | 4.0173 | +0.0007 | 158 - 189 | 4.0329 | 4.0100 | - | - | - | - | - | - | - |
| New Zealand | (NZ$) | 2.4576 | +0.0128 | 557 - 595 | 2.4701 | 2.4526 | 2.4834 | -2.8 | 2.4743 | -2.7 | 2.5088 | -2.1 | - |
| Philippines | (Peso) | 38.4541 | +0.2212 | 746 - 335 | 38.9335 | 37.8259 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 5.8873 | +0.0029 | 856 - 889 | 5.9047 | 5.8723 | - | - | - | - | - | - | - |
| Singapore | (S$) | 2.2845 | -0.0136 | 832 - 858 | 2.3108 | 2.2798 | - | - | - | - | - | - | - |
| S Africa (Com.) | (R) | 5.5338 | +0.0025 | 314 - 363 | 5.5571 | 5.5239 | - | - | - | - | - | - | - |
| S Africa (Fin.) | (R) | 6.5921 | -0.0599 | 749 - 093 | 6.6746 | 6.5566 | - | - | - | - | - | - | - |
| South Korea | (Won) | 1247.46 | +6.91 | 704 - 791 | 1251.10 | 1242.74 | - | - | - | - | - | - | - |
| Taiwan | (T$) | 41.3051 | +0.0447 | 904 - 198 | 41.4246 | 41.2040 | - | - | - | - | - | - | - |
| Thailand | (Bt) | 39.4743 | -0.7275 | 085 - 400 | 39.9750 | 39.3085 | - | - | - | - | - | - | - |

†SDR rates for Jan 12. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

## DOLLAR SPOT FORWARD AGAINST THE DOLLAR

| Jan 13 | | Closing mid-point | Change on day | Bid/offer spread | Day's mid high | low | One month Rate | %PA | Three months Rate | %PA | One year Rate | %PA | J.P Morgan index |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | |
| Austria | (Sch) | 10.8105 | +0.0456 | 080 - 130 | 10.8245 | 10.7385 | 10.803 | 0.8 | 10.7865 | 0.8 | 10.689 | 1.1 | 105.3 |
| Belgium | (BFr) | 31.5650 | +0.035 | 560 - 740 | 31.6710 | 31.4700 | 31.5475 | 0.7 | 31.4925 | 0.9 | 31.185 | 1.2 | 108.8 |
| Denmark | (DKr) | 6.0440 | +0.0063 | 425 - 455 | 6.0610 | 6.0236 | 6.0447 | -0.1 | 6.0465 | -0.2 | 6.031 | 0.2 | 105.6 |
| Finland | (FM) | 4.7426 | +0.014 | 388 - 463 | 4.7613 | 4.7082 | 4.7403 | 0.6 | 4.7356 | 0.6 | 4.7151 | 0.6 | 83.4 |
| France | (FFr) | 5.2985 | +0.007 | 970 - 000 | 5.3195 | 5.2800 | 5.2976 | 0.2 | 5.294 | 0.3 | 5.268 | 0.8 | 107.0 |
| Germany | (D) | 1.5327 | +0.0032 | 323 - 330 | 1.5385 | 1.5285 | 1.5316 | 0.9 | 1.5281 | 1.2 | 1.5064 | 1.8 | 108.5 |
| Greece | (Dr) | 239.350 | +0.3 | 300 - 400 | 239.300 | 237.100 | 240.85 | -12.6 | 245.1 | -11.3 | 261.85 | -9.8 | 68.8 |
| Ireland | (I£) | 1.5608 | -0.0002 | 500 - 515 | 1.5565 | 1.5457 | 1.551 | -0.1 | 1.5505 | 0.1 | 1.5508 | 0.0 | - |
| Italy | (L) | 1619.50 | -1 | 875 - 025 | 1626.50 | 1618.00 | 1623.75 | -3.1 | 1631.5 | -3.0 | 1668.5 | -3.0 | 72.5 |
| Luxembourg | (LFr) | 31.5650 | +0.035 | 560 - 740 | 31.7100 | 31.4700 | 31.5475 | 0.7 | 31.4925 | 0.8 | 31.185 | 1.2 | 108.8 |
| Netherlands | (Fl) | 1.7178 | +0.0017 | 171 - 181 | 1.7250 | 1.7117 | 1.7168 | 0.8 | 1.7131 | 1.0 | 1.6918 | 1.5 | 106.7 |
| Norway | (NKr) | 6.7110 | +0.007 | 095 - 125 | 6.7335 | 6.6807 | 6.7073 | 0.7 | 6.7015 | 0.6 | 6.651 | 0.9 | 97.0 |
| Portugal | (Es) | 158.350 | +0.5 | 300 - 400 | 159.000 | 157.500 | 158.925 | -4.4 | 159.875 | -4.1 | 163.475 | -3.2 | 95.7 |
| Spain | (Pta) | 133.535 | -0.08 | 510 - 560 | 134.050 | 133.080 | 133.83 | -3.2 | 134.57 | -3.1 | 137.685 | -3.1 | 77.9 |
| Sweden | (SKr) | 7.5051 | +0.0208 | 001 - 101 | 7.5186 | 7.4628 | 7.5163 | -1.8 | 7.5356 | -1.8 | 7.6126 | -1.4 | 78.8 |
| Switzerland | (SFr) | 1.2872 | +0.0047 | 869 - 875 | 1.2930 | 1.2798 | 1.2848 | 2.1 | 1.2799 | 2.3 | 1.2515 | 2.8 | 108.8 |
| UK | (£) | 1.5696 | +0.0007 | 692 - 699 | 1.5743 | 1.5655 | 1.5694 | 0.2 | 1.5692 | 0.1 | 1.5681 | 0.1 | 87.9 |
| Ecu | - | 1.2346 | -0.0015 | 342 - 349 | 1.2388 | 1.2305 | 1.2347 | -0.1 | 1.2345 | 0.0 | 1.2391 | -0.4 | - |
| SDR† | - | 1.46274 | - | - | - | - | - | - | - | - | - | - | - |
| **Americas** | | | | | | | | | | | | | |
| Argentina | (Peso) | 1.0002 | - | 001 - 002 | 1.0001 | 1.0002 | - | - | - | - | - | - | - |
| Brazil | (R) | 0.8460 | +0.001 | 450 - 470 | 0.8470 | 0.8450 | - | - | - | - | - | - | - |
| Canada | (C$) | 1.4121 | -0.0042 | 118 - 123 | 1.4161 | 1.4095 | 1.4122 | 0.0 | 1.4136 | -0.4 | 1.4217 | -0.7 | 80.2 |
| Mexico | (New Peso) | 5.2700 | -0.43 | 200 - 200 | 5.4200 | 5.2000 | 5.271 | -0.2 | 5.2728 | -0.2 | 5.2802 | -0.2 | - |
| USA | ($) | - | - | - | - | - | - | - | - | - | - | - | 96.8 |
| **Pacific/Middle East/Africa** | | | | | | | | | | | | | |
| Australia | (A$) | 1.3197 | +0.0161 | 193 - 201 | 1.3224 | 1.3004 | 1.3204 | -0.7 | 1.3222 | -0.6 | 1.335 | -1.2 | 89.8 |
| Hong Kong | (HK$) | 7.7545 | -0.0055 | 540 - 550 | 7.7580 | 7.7488 | 7.7525 | 0.3 | 7.7513 | 0.2 | 7.759 | -0.1 | - |
| India | (Rs) | 31.3625 | -0.0038 | 575 - 675 | 31.3875 | 31.3575 | 31.4325 | -2.7 | 31.5775 | -2.7 | - | - | - |
| Japan | (Y) | 98.5250 | -0.52 | 000 - 500 | 99.0700 | 98.2800 | 98.225 | 3.7 | 97.565 | 3.9 | 93.92 | 4.7 | 150.0 |
| Malaysia | (M$) | 2.5595 | -0.0007 | 590 - 600 | 2.5647 | 2.5580 | 2.5565 | 1.4 | 2.552 | 1.2 | 2.539 | 0.8 | - |
| New Zealand | (NZ$) | 1.5658 | +0.0073 | 649 - 667 | 1.5711 | 1.5603 | 1.5687 | -0.7 | 1.5692 | -0.6 | 1.5782 | -0.8 | - |
| Philippines | (Peso) | 24.5000 | +0.13 | 000 - 000 | 24.8000 | 24.2500 | - | - | - | - | - | - | - |
| Saudi Arabia | (SR) | 3.7509 | +0.0001 | 507 - 511 | 3.7511 | 3.7507 | 3.7544 | -1.1 | 3.7613 | -1.1 | 3.7758 | -0.7 | - |
| Singapore | (S$) | 1.4555 | -0.0093 | 550 - 560 | 1.4685 | 1.4485 | 1.454 | 1.3 | 1.4505 | 1.4 | 1.434 | 1.5 | - |
| S Africa (Com.) | (R) | 3.5268 | - | 250 - 265 | 3.5330 | 3.5215 | 3.5413 | -5.3 | 3.5734 | -5.4 | 3.7383 | -6.0 | - |
| S Africa (Fin.) | (R) | 4.2000 | -0.04 | 900 - 100 | 4.2450 | 4.1820 | 4.228 | -8.0 | 4.2725 | -6.8 | 4.51 | -7.4 | - |
| South Korea | (Won) | 794.800 | +4.05 | 700 - 900 | 794.900 | 791.000 | 797.8 | -4.5 | 801.8 | -3.3 | 819.8 | -3.1 | - |
| Taiwan | (T$) | 26.3165 | +0.0187 | 130 - 200 | 26.3200 | 26.2890 | 26.3365 | -0.8 | 26.3765 | -0.8 | - | - | - |
| Thailand | (Bt) | 25.1500 | -0.475 | 505 - 500 | 25.4000 | 25.1500 | 25.1795 | -1.4 | 25.2705 | -1.9 | 25.675 | -2.1 | - |

†SDR rate for Jan 12. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Jan 12. Base average 1990=100

## WORLD INTEREST RATES

### MONEY RATES

| January 13 | Over night | One month | Three mths | Six mths | One year | Lomb. inter. | Dis. rate | Repo rate |
|---|---|---|---|---|---|---|---|---|
| Belgium | 4⅝ | 5⅜ | 5⅝ | 5 13/16 | 6⅜ | 7.40 | 4.50 | - |
| week ago | 5¼ | 5⅜ | 5⅝ | 5 13/16 | 6⅜ | 7.40 | 4.50 | - |
| France | 5⅝ | 5⅝ | 6 | 6¼ | 7 | 5.00 | - | 6.40 |
| week ago | 5⅞ | 5⅝ | 6 | 6¼ | 7 | 5.00 | - | 6.40 |
| Germany | 4.83 | 5.00 | 5.10 | 5.30 | 5.80 | 6.00 | 4.50 | 4.85 |
| week ago | 4.83 | 5.00 | 5.10 | 5.35 | 5.85 | 6.00 | 4.50 | 4.85 |
| Ireland | 5⅛ | 5¾ | 6¼ | 6 13/16 | 7¾ | - | - | 6.25 |
| week ago | 5⅜ | 5¾ | 6⅜ | 6 13/16 | 7⅛ | - | - | 6.25 |
| Italy | 8⅝ | 9 5/16 | 9⅝ | 9¾ | 10 5/16 | - | 7.50 | 8.20 |
| week ago | 8¼ | 8 13/16 | 8⅛ | 8¾ | 10⅛ | - | 7.50 | 8.20 |
| Netherlands | 4.84 | 5.12 | 5.18 | 5.42 | 5.93 | - | 5.25 | - |
| week ago | 4.84 | 5.12 | 5.23 | 5.46 | 5.96 | - | 5.25 | - |
| Switzerland | 3¼ | 3 13/16 | 4 | 4⅛ | 4⅝ | 6.625 | 3.50 | - |
| week ago | 3¾ | 3⅞ | 4⅛ | 4⅞ | 4¾ | 6.625 | 3.50 | - |
| US | 5⅛ | 5¾ | 6⅜ | 6¾ | 7½ | - | 4.75 | - |
| week ago | 5¾ | 5¾ | 6¾ | 6⅝ | 7⅝ | - | 4.75 | - |
| Japan | 2⅛ | 2⅛ | 2⅛ | 2⅜ | 2⅝ | - | 1.75 | - |
| week ago | 2⅛ | 2⅛ | 2⅛ | 2⅛ | 2 13/16 | - | 1.75 | - |
| ■ $ LIBOR FT London | | | | | | | | |
| Interbank Fixing | - | 5 13/16 | 6¼ | 6¾ | 7½ | - | - | - |
| week ago | - | 5⅞ | 6¼ | 6 13/16 | 7⅞ | - | - | - |
| US Dollar CDs | - | 5.71 | 6.18 | 6.69 | 7.45 | - | - | - |
| week ago | - | 5.71 | 6.20 | 6.73 | 7.47 | - | - | - |
| SDR Linked Ds | - | 4.56 | 4.94 | 5.25 | 5.69 | - | - | - |
| week ago | - | 4⅝ | 4⅞ | 5¼ | 5⅝ | - | - | - |

ECU Linked Ds mid rates: 1 mth: 5⅝; 3 mths: 6⅛; 6 mths: 6⅝; 1 year: 7⅝. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

### EURO CURRENCY INTEREST RATES

| Jan 13 | Short term | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Belgian Franc | 4 13/16 - 4 11/16 | 5⅛ - 5⅛ | 5⅜ - 5¼ | 5⅝ - 5⅞ | 5⅞ - 5¾ | 6⅛ - 6⅜ |
| Danish Krone | 5¼ - 5 | 5¼ - 5½ | 5⅞ - 5⅝ | 6¼ - 6 | 6¾ - 6⅝ | 7⅛ - 7⅜ |
| D-Mark | 4⅞ - 4¾ | 4 13/16 - 4 11/16 | 4 13/16 - 4 11/16 | 5⅛ - 4 15/16 | 5⅜ - 5¼ | 5 13/16 - 5 11/16 |
| Dutch Guilder | 5⅛ - 5⅛ | 5⅛ - 5⅛ | 5⅛ - 5⅛ | 5¼ - 5⅛ | 5½ - 5⅜ | 6 - 5⅞ |
| French Franc | 5⅞ - 5¼ | 5⅛ - 5⅞ | 5⅝ - 5⅞ | 5 13/16 - 5 11/16 | 6⅞ - 6⅝ | 6 13/16 - 6 11/16 |
| Portuguese Esc. | 8¾ - 8½ | 9¼ - 8 | 10¼ - 10 | 11⅛ - 10⅞ | 12 - 11½ | 12¾ - 11¼ |
| Spanish Peseta | 8⅞ - 8⅞ | 8⅞ - 8⅞ | 8 13/16 - 8⅝ | 9⅞ - 8⅞ | 9 13/16 - 9⅝ | 10⅞ - 10⅝ |
| Sterling | 8½ - 8 | 6⅛ - 6 | 6⅛ - 6 | 6⅞ - 6⅝ | 6⅞ - 6¾ | 7 13/16 - 7⅝ |
| Swiss Franc | 3⅝ - 3⅞ | 3⅞ - 3⅜ | 3 13/16 - 3⅝ | 4⅛ - 4 | 4¼ - 4⅛ | 4⅝ - 4½ |
| Can. Dollar | 5 11/16 - 5½ | 6 - 5 13/16 | 6⅛ - 5 15/16 | 6⅞ - 6¾ | 7 13/16 - 7⅝ | 8⅛ - 8⅞ |
| US Dollar | 5⅝ - 5⅛ | 5⅝ - 5⅞ | 5 13/16 - 5 11/16 | 6¼ - 6⅛ | 6⅝ - 6½ | 7⅞ - 7⅞ |
| Italian Lira | 8 - 7½ | 8⅝ - 8½ | 9 - 8⅞ | 9⅞ - 9⅝ | 10⅛ - 10 | 10⅞ - 10¾ |
| Yen | 2¼ - 2⅛ | 2⅛ - 2⅛ | 2⅛ - 2⅛ | 2 11/16 - 2⅝ | 2⅞ - 2⅝ | 2 13/16 - 2 11/16 |
| Asian $Sing | 3⅞ - 3⅝ | 4⅝ - 4¼ | 3⅝ - 3½ | 4⅛ - 4⅛ | 4⅝ - 4⅞ | 4¾ - 4⅝ |

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 93.18 | 93.31 | +0.18 | 93.37 | 93.15 | 206,361 | 448,652 |
| Jun | 92.43 | 92.65 | +0.24 | 92.69 | 92.39 | 224,032 | 386,517 |
| Sep | 91.96 | 92.33 | +0.31 | 92.35 | 91.93 | 87,848 | 283,378 |

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Mar | 93.83 | 93.94 | +0.13 | 94.01 | 93.82 | 3,785 | 12,873 |
| Jun | 93.10 | 93.27 | +0.19 | 93.32 | 93.09 | 1,264 | 4,770 |
| Sep | 92.90 | 92.89 | +0.32 | 92.98 | 92.80 | 1,119 | 2,138 |

All Open interest figs. are for previous day

## CROSS RATES AND DERIVATIVES

### EXCHANGE CROSS RATES

| Jan 13 | | BFr | DKr | FFr | DM | I£ | L | Fl | NKr | Es | Pta | SKr | SFr | £ | C$ | $ | Y | Ecu |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Belgium | (BFr) | 100 | 19.15 | 16.79 | 4.855 | 2.043 | 0131 | 5.442 | 21.26 | 501.8 | 423.1 | 23.78 | 4.078 | 2.018 | 4.473 | 3.187 | 312.1 | 2.568 |
| Denmark | (DKr) | 52.22 | 10 | 8.767 | 2.535 | 1.067 | 2680 | 2.842 | 11.10 | 262.0 | 221.0 | 12.42 | 2.129 | 1.054 | 2.336 | 1.654 | 163.0 | 1.340 |
| France | (FFr) | 59.57 | 11.41 | 10 | 2.892 | 1.217 | 3057 | 3.242 | 12.66 | 298.8 | 252.0 | 14.17 | 2.429 | 1.203 | 2.665 | 1.887 | 185.9 | 1.528 |
| Germany | (DM) | 20.60 | 3.944 | 3.458 | 1 | 0.421 | 1057 | 1.121 | 4.378 | 103.3 | 87.15 | 4.898 | 0.840 | 0.416 | 0.921 | 0.652 | 64.28 | 0.528 |
| Ireland | (I£) | 48.95 | 9.374 | 8.217 | 2.376 | 1 | 2512 | 2.664 | 10.41 | 245.8 | 207.1 | 11.64 | 1.996 | 0.988 | 2.100 | 1.550 | 152.8 | 1.256 |
| Italy | (L) | 1.949 | 0.373 | 0.327 | 0.095 | 0.040 | 100. | 0.106 | 0.414 | 9.776 | 8.245 | 0.463 | 0.079 | 0.039 | 0.087 | 0.062 | 6.082 | 0.050 |
| Netherlands | (Fl) | 18.38 | 3.519 | 3.085 | 0.892 | 0.375 | 942.9 | 1 | 3.906 | 92.17 | 77.74 | 4.369 | 0.749 | 0.371 | 0.822 | 0.582 | 57.34 | 0.471 |
| Norway | (NKr) | 47.05 | 9.009 | 7.897 | 2.284 | 0.961 | 2414 | 2.560 | 10 | 236.0 | 199.1 | 11.19 | 1.918 | 0.950 | 2.104 | 1.490 | 146.8 | 1.207 |
| Portugal | (Es) | 19.94 | 3.817 | 3.346 | 0.968 | 0.407 | 1023 | 1.085 | 4.237 | 100. | 84.35 | 4.740 | 0.813 | 0.402 | 0.892 | 0.631 | 62.21 | 0.511 |
| Spain | (Pta) | 23.64 | 4.526 | 3.968 | 1.147 | 0.483 | 1213 | 1.286 | 5.024 | 118.6 | 100. | 5.620 | 0.964 | 0.477 | 1.057 | 0.749 | 73.78 | 0.606 |
| Sweden | (SKr) | 42.05 | 8.053 | 7.059 | 2.042 | 0.859 | 2158 | 2.289 | 8.939 | 211.0 | 177.9 | 10 | 1.715 | 0.849 | 1.881 | 1.332 | 131.2 | 1.079 |
| Switzerland | (SFr) | 24.52 | 4.698 | 4.117 | 1.101 | 0.501 | 1258 | 1.335 | 5.213 | 123.0 | 103.8 | 5.832 | 1 | 0.495 | 1.097 | 0.777 | 76.53 | 0.629 |
| UK | (£) | 49.54 | 9.486 | 8.318 | 2.405 | 1.012 | 2542 | 2.696 | 10.53 | 248.5 | 209.6 | 11.78 | 2.020 | 1 | 2.215 | 1.569 | 154.8 | 1.271 |
| Canada | (C$) | 22.36 | 4.281 | 3.753 | 1.085 | 0.457 | 1147 | 1.217 | 4.752 | 112.1 | 94.58 | 5.318 | 0.912 | 0.451 | 1 | 0.708 | 69.77 | 0.574 |
| US | ($) | 31.57 | 6.046 | 5.300 | 1.533 | 0.645 | 1620 | 1.718 | 6.711 | 158.4 | 133.6 | 7.508 | 1.287 | 0.637 | 1.412 | 1 | 98.53 | 0.810 |
| Japan | (Y) | 32.04 | 6.136 | 5.379 | 1.556 | 0.655 | 1644 | 1.744 | 6.811 | 160.7 | 135.6 | 7.620 | 1.307 | 0.647 | 1.433 | 1.015 | 100. | 0.822 |
| Ecu | | 38.98 | 7.463 | 6.543 | 1.892 | 0.796 | 2000 | 2.121 | 8.285 | 195.5 | 164.9 | 9.268 | 1.589 | 0.787 | 1.744 | 1.234 | 121.8 | 1 |

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 0.6546 | 0.6534 | -0.0020 | 0.6559 | 0.6506 | 39,415 | 76,825 |
| Jun | 0.6576 | 0.6557 | -0.0023 | 0.6576 | 0.6535 | 58 | 2,078 |
| Sep | - | 0.6584 | -0.0025 | - | - | 10 | 148 |

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Mar | 0.7829 | 0.7792 | -0.0036 | 0.7843 | 0.7756 | 21,840 | 39,026 |
| Jun | 0.7834 | 0.7842 | -0.0041 | 0.7842 | 0.7808 | 61 | 983 |
| Sep | - | 0.7900 | -0.0044 | - | - | 1 | 94 |

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

| | Open | Sett price | Change | High | Low | Est. vol | Open int. |
|---|---|---|---|---|---|---|---|
| Mar | 1.0185 | 1.0208 | +0.0011 | 1.0227 | 1.0150 | 48,791 | 82,635 |
| Jun | 1.0320 | 1.0326 | +0.0007 | 1.0340 | 1.0275 | 682 | 7,851 |
| Sep | - | 1.0452 | +0.0003 | 1.0452 | 1.0420 | 1 | 363 |

■ **STERLING FUTURES** (IMM) £62,500 per £

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Mar | 1.5734 | 1.5678 | -0.0062 | 1.5734 | 1.5650 | 18,754 | 54,132 |
| Jun | 1.5690 | 1.5670 | -0.0064 | 1.5700 | 1.5650 | 57 | 870 |
| Sep | - | 1.5664 | -0.0064 | - | - | 6 | 4 |

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

| Strike Price | CALLS Jan | Feb | Mar | PUTS Jan | Feb | Mar |
|---|---|---|---|---|---|---|
| 1.500 | 6.66 | 6.76 | 6.84 | - | 0.01 | 0.22 |
| 1.525 | 4.18 | 4.36 | 4.74 | - | 0.18 | 0.60 |
| 1.550 | 1.71 | 2.44 | 2.98 | - | 0.70 | 1.31 |
| 1.575 | - | 1.06 | 1.71 | 0.68 | 1.81 | 2.47 |
| 1.600 | - | 0.38 | 0.87 | 3.08 | 3.54 | 4.05 |
| 1.625 | - | 0.07 | 0.38 | 5.58 | 5.75 | 6.04 |

Previous day's vol., Calls 5,890 Puts 8,093 . Prev. day's open int., Calls 230,691 Puts 271,900

■ **Pound in New York**

| Jan 13 | —Close— | —Prev. close— |
|---|---|---|
| £ spot | 1.5680 | 1.5740 |
| 1 mth | 1.5677 | 1.5737 |
| 3 mth | 1.5675 | 1.5736 |
| 1 yr | 1.5645 | 1.5723 |

FT GUIDE to WORLD CURRENCIES
The FT Guide to World Currencies table can be found on the Emerging markets page in today's edition.

## FT GOLD MINES INDEX

| | Jan 13 | % chg since 30/12/94 | Jan 12 | Mkt Cap $bn | % of Gold Mines | Gross div yield % | 52 week High | Low |
|---|---|---|---|---|---|---|---|---|
| Gold Mines Index (34) | 1832.79 | -7.2 | 1854.12 | 44.89 | 100.00 | 2.39 | 2358.37 | 1762.02 |
| ■ Regional Indices | | | | | | | | |
| Africa (16) | 2841.64 | -11.0 | 2867.08 | 14.61 | 32.56 | 4.97 | 3711.87 | 2304.45 |
| Australasia (7) | 2198.18 | -10.5 | 2167.81 | 5.64 | 12.56 | 2.31 | 3013.89 | 2129.35 |
| North America (11) | 1481.90 | -4.1 | 1509.85 | 24.63 | 54.88 | 0.89 | 2089.65 | 1398.34 |

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. Predecessor Gold Mines Index: Jan 13 : 222.5; week's change: -11.7 points; Year ago: 245.7.

## LONDON RECENT ISSUES: EQUITIES

| Issue price p | Amt paid up | Mkt. cap (£m.) | 1994/95 High | Low | Stock | Close price p | +/- | Net div. | Div. cov. | Grs yld | P/E net |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 100 | F.P. | 4.99 | 99 | 90½ | Asset Man Inv | 99 | | - | - | - | - |
| - | F.P. | 4,304.8 | 259 | 245 | BSkyB | 251 | +1 | N- | - | - | 47.3 |
| - | F.P. | 38.4 | 84 | 43 | Brit Assets Gth | 82½ | | - | - | - | - |
| - | F.P. | 1.63 | 6½ | 5½ | Cale. Media Wrts | 5½ | | - | - | - | - |
| - | F.P. | 68.9 | 173 | 133 | Clydeport | 187 | | RN3.51 | - | 2.8 | - |
| $10 | F.P. | 35.1 | 625 | 585 | First Russian Fr | 585 | | - | - | - | - |
| 100 | F.P. | 25.4 | 106 | 87½ | For & Col Emrg C | 88½ | -3½ | - | - | - | - |
| 500 | F.P. | 45.1 | 510 | 490 | Gartmore Mlc Uts | 508 | | - | - | - | - |
| - | F.P. | 27.7 | 102 | 94 | Hill Hire | 102 | | N3.38 | 2.0 | 4.1 | 12.7 |
| - | F.P. | 216.5 | 92 | 80¼ | Invest Capital Gth | 87½ | | - | - | - | - |
| - | F.P. | 90.3 | 39 | 36 | Do Inc Annuity | 36½ | | F5.3 | - | 18.2 | - |
| 100 | F.P. | 27.0 | 103 | 100 | Kiln Capital | 100 | | F4.0 | - | 5.0 | - |
| - | F.P. | 28.0 | 55 | 53¼ | Lazard Brits India | 53¼ | | - | - | - | - |
| - | F.P. | 3.28 | 32½ | 30½ | Do Warrants | 31½ | | - | - | - | - |
| §3 | F.P. | 5.55 | 3½ | 3 | MICE Group | 3¼ | | bN0.1 | 3.2 | 3.7 | 10.4 |
| 100 | F.P. | 42.5 | 94 | 82 | Matheson Lloyds | 85 | | - | - | - | - |
| - | F.P. | 21.0 | 130 | 100 | Pentex Oil | 105 | | - | - | - | - |
| 175 | F.P. | 34.7 | 210 | 203 | RM | 208 | | N4.8 | 3.1 | 2.9 | 13.3 |
| 182 | F.P. | 1,463.1 | 186 | 167 | TeleWest | 172½ | -1 | - | - | - | - |
| 100 | F.P. | 17.6 | 102 | 102 | Wellington Un. | 102 | | - | - | - | - |
| - | F.P. | 262.1 | 128 | 118 | Woodchester Units | 125 | | - | - | - | - |

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## UK INTEREST RATES

### LONDON MONEY RATES

| Jan 13 | Over-night | 7 days notice | One month | Three months | Six months | One year |
|---|---|---|---|---|---|---|
| Interbank Sterling | 6¾ - 4½ | 6⅛ - 5⅞ | 6⅛ - 5 15/16 | 6⅞ - 6¾ | 6 13/16 - 6 11/16 | 7¾ - 7⅞ |
| Sterling CDs | - | - | 5 15/16 - 5⅞ | 6⅜ - 6¼ | 6 13/16 - 6 11/16 | 7⅞ - 7⅞ |
| Treasury Bills | - | - | 5¾ - 5⅝ | 6⅛ - 6 | - | - |
| Bank Bills | - | - | 5⅞ - 5 13/16 | 6⅞ - 6¾ | 6¾ - 6⅝ | - |
| Local authority deps. | 5 11/16 - 5 11/16 | 5 15/16 - 5 11/16 | 6⅛ - 5 15/16 | 6⅞ - 6⅞ | 7⅛ - 6 13/16 | 7 13/16 - 7½ |
| Discount Market deps | 6½ - 4½ | 5¾ - 5⅞ | - | - | - | - |

UK clearing bank base lending rate 6¼ per cent from December 7, 1994

| | Up to 1 month | 1-3 month | 3-6 months | 6-9 months | 9-12 months |
|---|---|---|---|---|---|
| Certs of Tax dep. (£100,000) | 2 | 2½ | 5¼ | 5½ | 5¼ |

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1½pc.
Ave. tender rate of discount 5.8155pc. ECGD fixed rate Stlg. Export Finance. Make up day Dec 30, 1994. Agreed rate for period Jan 25, 1995 to Feb 25, 1995, Schemes II & III 7.71pc. Reference rate for period Dec 1, 1994 to Dec 30, 1994, Schemes IV & V 6.402pc. Finance House Base Rate 6½pc from Jan 1, 1995

### BANK OF ENGLAND TREASURY BILL TENDER

| | Jan 13 | Jan 6 | | Jan 13 | Jan 6 |
|---|---|---|---|---|---|
| Bills on offer | £350m | £350m | Top accepted rate | 5.8159% | 5.9363% |
| Total of applications | £2250m | £1510m | Ave. rate of discount | 5.8155% | 5.9033% |
| Total allocated | £500m | £350m | Average yield | 5.2618% | 5.9915% |
| Min. accepted bid | £98.550 | £98.520 | Offer at next tender | £500m | £350m |
| Allotment at min. level | 93% | 50% | Min. accept. bid 182 days | - | - |

### BANK RETURN

| BANKING DEPARTMENT | Wednesday January 11th, 1995 | Increase or decrease for week |
|---|---|---|
| **Liabilities** | £ | £ |
| Capital | 14,553,000 | |
| Public deposits | 1,136,850,818 | +382,729,571 |
| Bankers deposits | 1,669,128,928 | -158,277,110 |
| Reserve and other accounts | 4,620,036,558 | +419,018,877 |
| | 7,440,569,303 | +643,471,338 |
| **Assets** | | |
| Government securities | 1,073,978,257 | +6,048,468 |
| Advance and other accounts | 5,917,368,347 | +636,031,897 |
| Premises, equipment and other secs | 442,107,146 | +191,286 |
| Notes | 6,903,309 | +1,190,615 |
| Coin | 212,244 | +19,072 |
| | 7,440,569,303 | +643,471,338 |
| **ISSUE DEPARTMENT** | | |
| **Liabilities** | | |
| Notes in circulation | 18,553,096,691 | -921,190,615 |
| Notes in Banking Department | 6,903,309 | +1,190,615 |
| | 18,560,000,000 | -920,000,000 |
| **Assets** | | |
| Other Government securities | 9,273,968,414 | -1,168,632,347 |
| Other Securities | 8,286,031,586 | +248,632,347 |
| | 18,560,000,000 | +920,000,000 |

### BASE LENDING RATES

| | % | | % | | % |
|---|---|---|---|---|---|
| Adam & Company | 6.25 | Duncan Lawrie | 6.25 | * Roxburghe Guarantee Corporation Ltd is no longer authorised as a banking institution. | 9 |
| Allied Trust Bank | 6.25 | Exeter Bank Limited | 7.25 | Royal Bk of Scotland | 6.25 |
| AIB Bank | 6.25 | Financial & Gen Bank | 6.5 | Singer & Friedlander | 6.25 |
| ●Henry Ansbacher | 6.25 | ●Robert Fleming & Co | 6.25 | ●Smith & Williamson Secs | 6.25 |
| Bank of Baroda | 6.25 | Girobank | 6.25 | TSB | 6.25 |
| Banco Bilbao Vizcaya | 6.25 | ●Guinness Mahon | 6.25 | ●United Bk of Kuwait | 6.25 |
| Bank of Cyprus | 6.25 | Habib Bank AG Zurich | 6.25 | Unity Trust Bank Plc | 6.25 |
| Bank of Ireland | 6.25 | ●Hambros Bank | 6.25 | Western Trust | 6.25 |
| Bank of India | 6.25 | Heritable & Gen Inv Bk. | 6.25 | Whiteaway Laidlaw | 6.25 |
| Bank of Scotland | 6.25 | ●Hill Samuel | 6.25 | Yorkshire Bank | 6.25 |
| Barclays Bank | 6.25 | C. Hoare & Co | 6.25 | | |
| Brit Bk of Mid East | 6.25 | Hongkong & Shanghai. | 6.25 | | |
| ●Brown Shipley & Co Ltd. | 6.25 | Julian Hodge Bank | 6.25 | | |
| Citibank NA | 6.25 | ●Leopold Joseph & Sons | 6.25 | | |
| Clydesdale Bank | 6.25 | Lloyds Bank | 6.25 | | |
| The Co-operative Bank | 6.25 | Meghraj Bank Ltd | 6.25 | | |
| Coutts & Co | 6.25 | Midland Bank | 6.25 | | |
| Credit Lyonnais | 6.25 | * Mount Banking | 6.25 | | |
| Cyprus Popular Bank | 6.25 | NatWestminster | 6.25 | | |
| | | ●Rea Brothers | 6.25 | | |

● Members of London Investment Banking Association
* In administration

## UK GILTS PRICES

| | Notes | Price £ | Wk % +/- | Amnt £m | Interest due | Last xd | City line |
|---|---|---|---|---|---|---|---|
| **Shorts" (Lives up to Five Years)** | | | | | | | |
| Treas 12pc 1995 | | 100 5/32xd | — | 2,350 | Ja25 Jy25 | 19.12 | 1294 |
| Exch 3pc Gas 1990-95 | | 99⅛ | 0.1 | 214 | My1 Nv1 | 26.9 | 1271 |
| 10¼pc 1995 | | 101 13/32xd | -.1 | 2,500 | Ja21 Jy21 | 15.12 | 1254 |
| Treas 12¾pc 1995‡‡ | | 104⅛ | — | 840 | My15 Nv15 | 10.10 | 1298 |
| 14pc 1996 | | 106⅞xd | 0.1 | 770 | Ja22 Jy22 | 16.12 | 1305 |
| 15¼pc 1996‡‡ | | 109⅝ | 0.1 | 1,150 | My3 Nv3 | 27.9 | 1309 |
| Exch 13¼pc 1996‡‡ | | 107¼ | 0.1 | 800 | My15 Nv15 | 10.10 | 1268 |
| Conversion 10pc 1996 | | 103 5/32 | 0.2 | 3,409 | My15 Nv15 | 10.10 | 1240 |
| Treas Cnv 7pc 1997‡‡ | | 97½xd | 0.3 | 1,999 | Au6 Fe6 | 2.1 | - |
| Treas 13¼pc 1997‡‡ | | 109 13/32xd | 0.2 | 1,290 | Ja22 Jy22 | 16.12 | 1302 |
| Exch 10½pc 1997 | | 104 13/32 | 0.3 | 3,700 | Fe21 Au21 | 15.7 | 1253 |
| Treas 8¾pc 1997‡‡ | | 101⅛ | 0.2 | 5,550 | Mr1 Se1 | 26.7 | 1341 |
| Exch 15pc 1997 | | 118⅞ | 0.2 | 830 | Ap27 Oc27 | 20.9 | 1288 |
| 9¾pc 1998 | | 103¼xd | 0.2 | 3,550 | Ja19 Jy19 | 13.12 | 1273 |
| Treas 7¼pc 1998‡‡ | | 96 13/32 | 0.4 | 8,150 | Mr30 Se30 | 24.8 | - |
| Treas 6¾pc 1995-98‡‡ | | 95⅛ | 0.2 | 1,200 | My1 Nv1 | 26.9 | 1331 |
| 14pc 1998-1 | | 115⅞ | 0.1 | 970 | My22 Nv22 | 17.10 | 1306 |
| Treas 15½pc '98‡‡ | | 121⅝ | — | 935 | Mr30 Se30 | 24.8 | 1309 |
| Exch 12pc 1998 | | 110 13/32 | 0.1 | 3,908 | My20 Nv20 | 17.10 | 1259 |
| Treas 9½pc 1999‡‡ | | 103⅞xd | 0.2 | 1,900 | Ja15 Jy15 | 9.12 | 1347 |
| Exch 12¼pc 1999 | | 112⅞ | 0.1 | 3,050 | Mr26 Se26 | 22.8 | 1264 |
| Treas 10½pc 1999 | | 106 13/32 | 0.2 | 1,252 | My19 Nv19 | 17.10 | 1288 |
| Treas 6pc 1999‡‡ | | 90 13/32xd | 0.2 | 5,800 | Fe10 Au10 | 4.1 | - |
| Conversion 10¼pc 1999 | | 106¼ | 0.2 | 1,798 | My22 Nv22 | 17.10 | 1242 |
| Treas Fltg Rate 1999 | | 99¾ | 0.1 | 2,300 | MrJnSeDe | 2.11 | - |
| **Five to Fifteen Years** | | | | | | | |
| 8pc 2000 | | 97 13/32 | 0.3 | 2,500 | Ja7 De7 | - | - |
| Conv 9pc 2000‡‡ | | 101⅝ | 0.2 | 5,358 | Mr3 Se3 | 28.7 | 1244 |
| Treas 13pc 2000 | | 118 13/32xd | 0.2 | 3,171 | Ja14 Jy14 | 0.12 | 1289 |
| 10pc 2001 | | 105⅝ | 0.1 | 4,406 | Fe26 Au26 | 20.7 | 1280 |
| 7pc 2001‡‡ | | 91 13/32 | 0.2 | 4,350 | My6 Nv6 | 30.9 | - |
| 9¾pc 2002 | | 105¼ | 0.2 | 6,527 | Fe27 Au27 | 21.7 | 1349 |
| 8pc 2003‡‡ | | 95 13/32 | 0.2 | 7,950 | Ja10 De10 | 311 | - |
| 10pc 2003 | | 107⅛ | 0.2 | 2,503 | Mr8 Se8 | 2.8 | 1281 |
| Treas 11½pc 2001-4 | | 112⅛ | 0.2 | 1,620 | Mr10 Se19 | 15.8 | 1290 |
| Funding 3½pc 1999-4 | | 73 13/32xd | 0.5 | 543 | Ja14 Jy14 | 8.12 | 1274 |
| Conversion 9½pc 2004 | | 104⅞ | 0.2 | 3,412 | Ap25 Oc25 | 19.9 | 1248 |
| Treas 6¾pc 2004‡‡ | | 87 13/32 | 0.2 | 6,500 | My26 Nv26 | 20.10 | 3541 |
| 8½pc 2005 | | 99⅛ | 0.2 | 4,400 | Ja7 De7 | - | - |
| Conv 9½pc 2005 | | 105¼ | 0.2 | 4,842 | Ap18 Oc10 | 12.9 | 1247 |
| Treas 12½pc 2003-5 | | 121⅛ | 0.2 | 2,200 | My21 Nv21 | 17.10 | 1295 |
| 7¾pc 2006‡‡ | | 93⅛ | 0.1 | 3,900 | Mr8 Se8 | 2.8 | - |
| 8pc 2002-6‡‡ | | 95⅛ | 0.4 | 2,000 | Ap5 Oc5 | 1.9 | 1334 |
| Treas 11¾pc 2003-7 | | 115⅞xd | 0.2 | 3,150 | Ja22 Jy22 | 16.12 | 1293 |
| Treas 8½pc 2007‡‡ | | 99⅛xd | 0.2 | 7,197 | Ja10 Jy10 | 12.12 | 1339 |
| 13½pc 2004-8 | | 127⅞ | 0.1 | 1,250 | Mr26 Se26 | 22.8 | 1301 |
| Treas 9pc 2008‡‡ | | 103⅛ | 0.2 | 5,321 | Ap13 Oc13 | 8.9 | 1343 |
| Treas 8pc 2009 | | 94 13/32 | 0.1 | 3,100 | Mr25 Se25 | 19.8 | 1338 |
| **Over Fifteen Years** | | | | | | | |
| Treas 6¼pc 2010 | | 80 13/32 | — | 4,750 | - | 10.10 | - |
| Conv 9pc Ln 2011‡‡ | | 103 13/32 | 0.1 | 5,273 | Ja12 Jy12 | 8.12 | 1245 |
| Treas 9pc 2012‡‡ | | 103⅞xd | — | 5,351 | Fe6 Au6 | 2.1 | 1701 |
| Treas 5½pc 2008-12‡‡ | | 74⅛ | 0.1 | 1,000 | Mr10 Se10 | 4.8 | 1330 |
| Treas 8pc 2013‡‡ | | 95⅛ | 0.1 | 5,800 | Mr27 Se27 | 22.8 | - |
| 7¾pc 2012-15‡‡ | | 92 13/32xd | 0.2 | 800 | Ja26 Jy26 | 20.12 | 1332 |
| Treas 8¾pc 2017‡‡ | | 102⅛ | — | 7,550 | Fe25 Au25 | 19.7 | 1982 |
| Exch 12pc 2013-17 | | 130 | — | 1,000 | Je12 De12 | 7.11 | 1260 |
| **Undated** | | | | | | | |
| Consols 4pc | | 45 13/32xd | .... | 359 | Fe1 Au1 | 26.12 | 1239 |
| War Loan 3½pc‡‡ | | 41⅛ | 0.9 | 1,909 | Je1 De1 | 25.10 | 1352 |
| Conv 3½pc '61 Aft. | | 57⅞ | -.3 | 119 | Ap1 Oc1 | 25.8 | 1243 |
| Treas 3pc '66 Aft. | | 34 13/32 | -.3 | 56 | Ap5 Oc5 | 1.9 | 1324 |
| Consols 2½pc | | 29 13/32 | 0.7 | 275 | 5JaApJyOc | 1.12 | 1236 |
| Treas. 2½pc | | 28 13/32 | 0.2 | 475 | Ap1 Oc1 | 25.8 | 1315 |
| **Index-Linked** | (b) | | | | | | |
| 2pc '96 | (67.9) | 201 13/32 | 0.3 | 1,200 | Mr16 Se16 | 10.8 | 1313 |
| 4⅝pc '98‡‡ | (135.6) | 108 13/32 | 0.4 | 800 | Ap27 Oc27 | 20.9 | - |
| 2½pc '01 | (78.3) | 166⅛ | — | 1,500 | Mr24 Se24 | 18.8 | 1310 |
| 2½pc '03 | (78.8) | 162¼ | 0.1 | 1,300 | My20 Nv20 | 17.10 | 1317 |
| 4⅜pc '04‡‡ | (135.6) | 108⅝ | 0.1 | 1,000 | Ap21 Oc21 | 14.9 | - |
| 2pc '06 | (69.5) | 168 13/32xd | — | 1,650 | Ja19 Jy19 | 13.12 | 1314 |
| 2½pc '09 | (78.8) | 152 13/32 | -.1 | 1,750 | My20 Nv20 | 17.10 | 1310 |
| 2½pc '11 | (74.6) | 157⅞ | — | 2,100 | Fe23 Au23 | 18.7 | 1319 |
| 2½pc '13 | (89.2) | 130⅛xd | — | 2,300 | Fe16 Au16 | 10.1 | 1320 |
| 2½pc '16 | (81.6) | 138 13/32xd | — | 2,700 | Ja26 Jy26 | 20.12 | 1321 |
| 2½pc '20 | (83.0) | 132⅛ | — | 2,750 | Ap10 Oc10 | 9.9 | 1322 |
| 2½pc '24‡‡ | (97.7) | 110¼xd | 0.1 | 2,350 | Ja17 Jy17 | 12.12 | 1323 |
| 4⅛pc '30‡‡ | (135.1) | 109¼xd | 0.1 | 1,300 | Ja10 Jy22 | 16.12 | - |

(b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for April 1994: 144.2 and for November 1994: 145.3.

### Other Fixed Interest

| | Price £ | Wk % +/- | Amnt £m | Interest due | Last xd | City line |
|---|---|---|---|---|---|---|
| Asian Dev 10¼pc 2009 | 110 13/32 | 0.2 | 100 | Mr24 Se24 | 3'93 | - |
| B'ham 11½pc 2012 | 117½ | — | 45 | My15 Nv15 | 4'93 | 1837 |
| Ireland Cap 8½pc '10 | 97 | -.8 | 303 | Ap1 Oc1 | - | 1465 |
| 9pc Cap 1996 | 100¼ | — | 725 | Ja30 Jy30 | - | - |
| 13pc '97-2 | 107¼ | — | 315 | Ap1 Oc1 | 8'93 | 1428 |
| Hydro Quebec 15pc 2011 | 140 13/32 | -.2 | 40 | My31 Nv30 | 10'93 | - |
| Leeds 13½pc 2006 | 127¼ | — | 40 | Ap1 Se8 | 3'93 | 3146 |
| Liverpool 3½pc Irred. | 38½ | — | 5 | 1JaApJeOc | 6'93 | - |
| LCC 3pc '20 Aft. | 32 | — | 26 | 1JaJeSeDe | 6'93 | - |
| Manchester 11½pc 2007 | 114½ | — | 8 | Ap25 Oc25 | 3'93 | 3275 |
| Met. Wtr. 3pc 'B' | 68½ | — | 25 | Mr1 Se1 | 8'93 | 3361 |
| N'wide Anglia 3⅞pc 2021 | 132 | — | 60 | Ja30 Jy30 | 1'93 | 3465 |
| 4¼pc IL 2024 | 127 | — | 50 | - | 7'93 | - |
| Utd Mex States 16½pc 2008 | 123 | — | 50 | Mr1 Se1 | 8'93 | - |

### STOCK INDICES

| | Jan 13 | Jan 12 | Jan 11 | Jan 10 | Jan 9 | 1994/95 High | Low | Since comp. High | Low |
|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 | 3049.3 | 3033.2 | 3049.4 | 3060.4 | 3055.8 | 3520.3 | 2876.6 | 3520.3 | 986.9 |
| FT-SE Mid 250 | 3485.3 | 3471.0 | 3476.8 | 3471.8 | 3477.1 | 4152.8 | 3363.4 | 4152.8 | 1379.4 |
| FT-SE Mid 250 ex ITs | 3476.5 | 3461.2 | 3467.9 | 3461.1 | 3465.9 | 4160.7 | 3362.4 | 4160.7 | 1378.3 |
| FT-SE-A 350 | 1528.9 | 1521.7 | 1528.5 | 1532.2 | 1531.0 | 1778.3 | 1451.3 | 1778.3 | 664.5 |
| FT-SE SmallCap | 1740.06 | 1742.32 | 1742.00 | 1741.85 | 1744.09 | 2094.96 | 1727.68 | 2094.96 | 1363.79 |
| FT-SE SmallCap ex ITs | 1719.57 | 1720.45 | 1720.26 | 1719.20 | 1720.46 | 2080.72 | 1697.06 | 2080.72 | 1363.79 |
| FT-SE-A All-Share | 1511.59 | 1506.95 | 1513.15 | 1516.96 | 1515.59 | 1784.11 | 1445.85 | 1784.11 | 61.92 |
| FT-SE Eurotrack 100 | 1314.76 | 1308.65 | 1314.96 | 1312.86 | 1323.64 | 1540.18 | 1286.48 | 1540.18 | 900.45 |
| FT-SE Eurotrack 200 | 1378.31 | 1368.44 | 1377.57 | 1373.53 | 1380.11 | 1607.10 | 1335.96 | 1607.10 | 938.62 |
| FT Ordinary | 2345.8 | 2339.4 | 2351.4 | 2353.2 | 2348.0 | 2713.6 | 2255.5 | 2713.6 | 49.4 |
| FT Govt Securities | 91.12 | 90.75 | 90.83 | 90.60 | 90.79 | 107.04 | 89.54 | 127.40 | 49.18 |
| FT Fixed Interest | 109.25 | 108.16 | 108.22 | 108.06 | 108.23 | 133.87 | 106.50 | 133.87 | 50.53 |
| FT Gold Mines | 1832.79 | 1854.12 | 1840.37 | 1791.05 | 1777.13 | 2367.4 | 1762.02 | 2367.40 | 922.16 |
| Predecessor Gold Mines | 222.5 | 222.5 | 216.5 | 221.3 | 225.5 | 293.9 | 185.0 | 734.7 | 43.5 |

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# FT CONFERENCES

**INTERCONNECTION - THE EVOLVING UK PROGRAMME AND ITS INTERNATIONAL CONTEXT**
**London, 8 February 1995**
Senior speakers from OFTEL, led by Mr Don Cruickshank its Director General, will look at the key issues of the UK's interconnection programme. This joint conference will also address interconnection and competition in international telecommunications, with presentations from Mr Scott B Harris, US Federal Communications Commission; Mr Nicholas Argyris, European Commission and Mr Jan Freese, Swedish National Post and Telecom Agency.

**LONDON MOTOR CONFERENCE**
**London, 20 February 1995**
This annual FT meeting, the tenth in a highly successful series, will focus on block exemption, examine the changing relationship between vehicle manufacturers and dealers and address the issue of competitiveness in the automotive components sector. Speakers include: Professor Garel Rhys OBE, Cardiff Business School; Sir Trevor Chinn CVO, Lex Service PLC; David Nicholas, Unipart Industries; Rich Van Leeuwen, Ford Credit Britain and Gérard Chiffert, Rockwell Automotive Light Vehicle Systems.

**CABLE, SATELLITE AND NEW MEDIA**
**London, 27 & 28 February 1995**
The Financial Times' 14th annual conference is being held at a critical time when the vision of the new media is turning into reality. The conference will offer insights into the latest developments both in the context of business and investment implications and the context of technology. Speakers include: Mr Barry Spikings, The Pleskow/Spikings Partnership, USA; Mr Michael Schrage, Massachusetts Institute of Technology; Mr Robert Phillis, British Broadcasting Corporation; Mr Stephen Davidson, TeleWest Communications plc and Mr Marc Tessier, Canal +.

**WORLD STEEL INDUSTRY**
**London, 6 & 7 March 1995**
This London conference arranged in association with CRU International, will bring together a distinguished panel of speakers from around the world to share their views on the key questions facing the industry. The industry's structure will be of paramount importance, to what extent should European producers form their own alliances or mergers to create a truly international industry? Will privatisation finally lay the subsidies issue to rest? What technology will steelmakers use to achieve the growth they are seeking? Speakers who will be taking part include Mr Brian S Moffat OBE, British Steel plc; Mr Robert J Darnall, Inland Steel Industries Inc; Mr Karel Van Miert, European Commission; Mr Francis Mer, Usinor Sacilor and Mr Robert A Garvey, North Star Steel Company.

**INDIA'S ECONOMIC RENAISSANCE - OPPORTUNITIES FOR TRADE, FINANCE AND INVESTMENT**
**New Delhi, 16 & 17 March 1995**
Given the breadth and pace of economic reform that has taken place in India since 1991, this high-level FT forum will provide a unique opportunity to review the government's liberalisation programme and assess business and investment prospects. The meeting will also consider India's competitiveness in world markets and look at the challenges of improving the country's infrastructure. Speakers will include Mr Pranab Mukherjee, Minister of Commerce; Sir Robert Wade-Gery KCMG KCVO, Barclays de Zoete Wedd; Mr Dipankar Basu, State Bank of India; Mr Tetsuo Shimura, The Bank of Tokyo and Mr A Stephen Melcher, Eagle Star Holdings.

**WORLD PHARMACEUTICALS CONFERENCE**
**London, 20 & 21 March 1995**
This year's conference, arranged jointly with Coopers & Lybrand, takes as its theme 'evolving from pills to healthcare - realising the ambition'. As governments worldwide seek to contain healthcare costs, the marketplace has become more competitive for R&D-based pharmaceutical majors. Many are now looking at new ways of working with the healthcare purchasers, whether in the US free market environment or in European-type social systems. Leading figures will outline their vision and strategies for moving from being pharmaceutical product-based companies to becoming 'healthcare' players.

**MARKETING PROFESSIONAL SERVICES '95**
**London, 19 & 20 April 1995**
The Financial Times and Professional Marketing International bring together an internationally renowned line-up of experts and leading edge practitioners to provide practical guidance in getting better business through improved skills and client awareness. The first day is devoted to an interactive point of contact sales masterclass, examining the process of carrying marketing context through to the actual sale. Highlights of the second day include a debate on the findings of an exclusive benchmarking survey to establish best practice in client development worldwide; reflections from Sir Bryan Carsberg of the Office of Fair Trading on a decade of deregulation in the professions; and Professor Jack Mahoney of the London Business School on reconciling professional ethics to a market facing culture. A series of 12 workshops lead by clients and practitioners will concentrate on specific skills and the special needs of particular types of clients. The Congress concludes with a dinner and presentation of the prestigious FT/Professional Marketing Awards.

All enquiries should be addressed to: Financial Times Conferences, P O Box 3651, London SW12 8PH, UK. Telephone: 081-673 9000, Fax: 081-673 1335.

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| **Credit Lyonnais Rouse (Bermuda) Ltd** | | | | |
| [illegible] | | | | |
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| Daiwa Japan Gen | $10.37 | 10.52 | – | 44837 |
| **Daiwa Japan Small Equity Fd (u)** | | | | |
| Daiwa Japan Small Eq | $12.69 | | – | 43757 |
| **Dean Witter World Wide Invest. Tst SA** | | | | |
| NAV | $26.76 | | – | 44674 |
| **The Dragon Fund Sicav** | | | | |
| NAV Dec 28 | $66.38 | | – | 44469 |
| **Espirito Santo Investment Mgmnt (SICAV)** | | | | |
| Southern European Fd | $7.06 | | – | 47428 |
| **Europe Value Fund (u)** | | | | |
| NAV | $13.61 | | – | 47669 |
| **EurOpfac (u)** | | | | |
| [illegible] | | | | |
| **Fidelity Intl Inv Mngt (Luxembourg) SA** | | | | |
| New Europe Fd | $13.73 | 14.42 | 0.36 | 47359 |
| **Fidelity Investment (CI) Ltd** | | | | |
| [illegible] | | | | |
| **The First Korea Smaller Companies Fund** | | | | |
| NAV Dec 30 | $16.85 | | – | 46926 |
| **Fleming Group** | | | | |
| [illegible] | | | | |
| **Foreign & Colonial Emerging Markets Ltd** | | | | |
| [illegible] | | | | |
| **Framlington Russian Investment Fund** | | | | |
| NAV | $9.68 | | – | – |
| **Gartmore Luxembourg S.A.** | | | | |
| Phoenix Fd | $17.95 | | – | 47560 |
| **Global Funds Management S.A. (u)** | | | | |
| World Frontier | $9.87 | | – | 50269 |
| **Global Futures & Options SICAV** | | | | |
| [illegible] | | | | 53155 |
| **H.C.M. HYPO Capital Mgt Luxembourg SA** | | | | |
| [illegible] | | | | |
| **HSBC NAPT Luxembourg SA** | | | | |
| Indian Asia Pacific Tst NAV | $12.07 | | – | 49410 |
| **HTR India Fund – SICAV** | | | | |
| HTR India Jan 9 | $7.60 | 8.00 | – | 54807 |
| **International Bond Trust** | | | | |
| CDIC A NAV | $10.79 | | – | 45302 |
| **International Specialty Fund (u)** | | | | |
| Intl Specialty | $7.19 | | – | 45305 |
| **INVESCO International Limited** | | | | |
| Asia Pow-erful | $17.2102 | 18.1300 | – | 47341 |
| **InverSud Investment Fund SICAV** | | | | |
| NAV Jan 9 | $1167.70 | | – | 49739 |
| **Investissements Atlantiques SA** | | | | |
| NAV Jan 6 | $65.17 | 35.93 | 0.2 | 49806 |
| For Israel Selection Fund see Suecia Securities | | | | |
| **Kleinwort European Bd Fd Management SA** | | | | |
| European Bond | Ecu13.38 | | – | – |
| **Lloyds Bank Luxembourg (u)** | | | | |
| [illegible] | | | | |
| **Lombard Odier Invest (u)** | | | | |
| [illegible] | | | | |
| **MFS International Funds** | | | | |
| [illegible] | | | | |
| **Merrill Lynch Asset Management** | | | | |
| [illegible] | | | | |
| **Morgan Stanley Sicav** | | | | |
| [illegible] | | | | |
| **Murray Universal, Sicav** | | | | |
| [illegible] | | | | |
| **NICAM Asia Pacific Umbrella Fund** | | | | |
| [illegible] | | | | |
| **Nikko Asia Convertible Bond Fund** | | | | |
| [illegible] | $9.96 | | – | 54816 |
| **Nikko Bank (Luxembourg) S.A.** | | | | |
| [illegible] | | | | |
| **Nikko Bank - Contd.** | | | | |
| [illegible] | $102.36 | | – | 49610 |
| **Nomura Asian Infrastructure Fd SICAV** | | | | |
| NAV | $16.25 | | – | 45197 |
| **Nomura Rosenberg Alpha Fund Mark II** | | | | |
| [illegible] | | | | |
| **Pacific Basin Growth Fund** | | | | |
| [illegible] | | | | |
| **Pan-Holding SA** | | | | |
| [illegible] | | | | |
| **Rosenberg Global Mngt Co SA (u)** | | | | |
| [illegible] | | | | |
| **Rosenberg Management SA (u)** | | | | |
| [illegible] | | | | |
| **Rosenberg US Japan Mngmt Co SA (u)** | | | | |
| [illegible] | | | | |
| **Edmond de Rothschild Group** | | | | |
| [illegible] | | | | |
| **SCI/TECH SA** | | | | |
| SCI/Tech NAV | $16.35 | | – | 45741 |
| **Schroder (Switzerland) Fund** | | | | |
| [illegible] | | | | |
| **Scudder, Stevens & Clark** | | | | |
| [illegible] | | | | |
| **Societe Generale Group** | | | | |
| [illegible] | | | | |
| **State Street Luxembourg SA** | | | | |
| [illegible] | | | | |
| **Suecia Securities** | | | | |
| Israel Selection Fd NAV | $60.6 | | – | 50150 |
| **Swiss Bank Corporation** | | | | |
| [illegible] | | | | |
| **Target International Ltd** | | | | |
| Intl Growth Fd | $23.10 | | – | 49401 |
| **Templeton Emerging Asia** | | | | |
| NAV | $10.34 | | – | 49400 |
| **Templeton Worldwide Investments** | | | | |
| [illegible] | | | | |
| **Tower Fund** | | | | |
| [illegible] | | | | |
| **Transworld Bond Trust** | | | | |
| NAV | $11.29 | | – | 46870 |
| **US Pacific Stock Fund (u)** | | | | |
| NAV | $13.82 | | – | 45002 |
| **Unico Financial Services SA Lux** | | | | |
| [illegible] | | | | |
| **"WINTERTHUR" Fund Mngmt Co (Lux) SA** | | | | |
| [illegible] | | | | |
| **World Bond Fund–SICAV (z)** | | | | |
| World Bond Fund | $30.16 | 31.74 | 0.00 | 46998 |
| **World Trust Fund** | | | | |
| Shares NAV | $14.44 | | – | 45462 |
| **Yamaichi Advanced Technology Fund** | | | | |
| Advanced Tech | $24.09 | | – | 49411 |

## OFFSHORE INSURANCES

| Fund | Selling Price | Buying Price | Yield Gross | City-Line |
|---|---|---|---|---|
| **AXA Equity & Law Intl Life Assce Co** | | | | |
| [illegible] | | | | |
| **... International Assurance Ltd** | | | | |
| [illegible] | | | | |
| **Allied Dunbar International Assce Ltd (z)** | | | | |
| [illegible] | | | | |
| **CMI Insurance Co Ltd** | | | | |
| [illegible] | | | | |
| **CMI Insurance Co Ltd - Contd.** | | | | |
| [illegible] | | | | |
| **Century Life International** | | | | |
| [illegible] | | | | |
| **Eagle Star Intl Life** | | | | |
| [illegible] | | | | |
| **Equitable Life (International)** | | | | |
| [illegible] | | | | |
| **Eurolife Assurance Group** | | | | |
| [illegible] | | | | |
| **Finsco International Ltd** | | | | |
| [illegible] | | | | |
| **Friends Provident International** | | | | |
| [illegible] | | | | |
| **Hansard International Ltd.** | | | | |
| [illegible] | | | | |
| **Isle of Man Assurance Ltd** | | | | |
| Holiday Property Bond | 20.74 | 0.76 | | 45307 |
| **Lebrow International Group** | | | | |
| [illegible] | | | | |
| **Old Mutual International (Guernsey) Ltd** | | | | |
| [illegible] | | | | |
| **PanEuroLife societe anonyme** | | | | |
| [illegible] | | | | |
| **Premier Life** | | | | |
| [illegible] | | | | |
| For Providence Capital Intl see Old Mutual Intl (Guernsey) Ltd | | | | |
| **Professional Investment Consultants** | | | | |
| [illegible] | | | | |
| **Royal Life International** | | | | |
| [illegible] | | | | |
| **Royal Skandia Life Assurance Ltd (z)** | | | | |
| [illegible] | | | | |
| **Scottish Provident Intl Life Ass Ltd** | | | | |
| [illegible] | | | | |
| **Sun Alliance International Life** | | | | |
| [illegible] | | | | |
| **Sun Life International (IOM) Ltd** | | | | |
| [illegible] | | | | |

## OTHER OFFSHORE FUNDS

| Fund | Selling Price | Buying Price | Yield Gross | City-Line |
|---|---|---|---|---|
| **ATSP Management Ltd** | | | | |
| Philippines Long Term Equity Fund NAV Nov 30 | $36.82 | | – | 47417 |
| **Abtrust Fund Mngrs (Guernsey) Ltd** | | | | |
| [illegible] | | | | |
| **Acciones y Valores de Mexico SA de CV** | | | | |
| Accival | | | – | – |
| **Adig Investment** | | | | |
| [illegible] | | | | |
| **Asian Malaysian Growth Fd (Cayman) Ltd** | | | | |
| NAV Jan 10 | $13.4693 | | – | 44459 |
| **Alliance Capital** | | | | |
| [illegible] | | | | |
| **Allied Dunbar International Fund Mngrs (1800)F** | | | | |
| ADI Emerging Asia | | | – | 49559 |
| **Alpha Fund Management Ltd** | | | | |
| [illegible] | | | | |
| **Arnhold and S. Bleichroeder, Inc** | | | | |
| [illegible] | | | | |
| **Asia Pacific Capital Strategies Fund** | | | | |
| NAV Jan 9 | $9.12 | | – | 54658 |
| **Asia Pacific Securities Corp Ltd** | | | | |
| Indian Smaller Cos Fd Ltd | $9.97 | | – | – |
| **Asiainvest Consultants Ltd** | | | | |
| South East Asia | $10.33 | 10.900 | – | 51561 |
| **Asian Convertibles & Income Fd (Cayman)** | | | | |
| NAV Jan 12 | $14.36 | | – | 44430 |
| **Atlantic Investment Fund Ltd** | | | | |
| Class A Shares NAV Nov 30 | $9.78 | | – | 53804 |
| **Aurum Funds** | | | | |
| [illegible] | | | | |
| **BEA Associates** | | | | |
| [illegible] | | | | |
| **BZW Investment Management (HK) Ltd** | | | | |
| [illegible] | | | | |
| **Julius Baer Bank & Trust Co Ltd** | | | | |
| [illegible] | | | | |
| **Bank Von Ernst & Cie AG** | | | | |
| [illegible] | | | | |
| **Banque de Gestion Privee, Paris** | | | | |
| [illegible] | | | | |
| **Bque Fr Serv & Cr/Europ Inv Mgt Ltd** | | | | |
| [illegible] | | | | |
| **Barclays Diversified Fund** | | | | |
| NAV | Pta88667.22 | | – | 53853 |
| **Baring International Group** | | | | |
| [illegible] | | | | |
| **The Batavia Fund Ltd** | | | | |
| NAV Jan 6 | $15.46 | | – | 43674 |
| **Bear, Stearns International Ltd** | | | | |
| Emerging Mkt Fixed Inc Jan 10 | $5.47 | 5.64 | – | 52495 |
| **Bermuda Capital Company Ltd** | | | | |
| NAV Dec 28 | $38.38 | | – | 49592 |
| **Bermuda Intl Invmnt Mgmt Ltd** | | | | |
| [illegible] | | | | |
| **Blairmore Holdings Inc** | | | | |
| NAV Dec 30 | $3.00 | | – | – |
| **Bordier Funds Ltd** | | | | |
| Korea Fd NAV Jan 13 | $75.95 | | – | 48005 |
| **Bridge Management Ltd** | | | | |
| Nippon Fd | $94.91 | 99.02 | – | 44784 |
| **Buchanan Fund Ltd** | | | | |
| [illegible] | | | | |
| **Butterfield Management Co Ltd** | | | | |
| [illegible] | | | | |
| **CA Securities Investment Fund Mnmgt Ltd** | | | | |
| Hung Govt Debt Dec 31 | HUF12022 | | – | 49612 |
| **CDC International** | | | | |
| [illegible] | | | | |
| **Cameo Investment Management Ltd** | | | | |
| Sestertius–UCEFEM | $10.70 | 11.17 | – | 51706 |
| **Capital International** | | | | |
| Capital Intl. Fund | $120.47 | | – | 44629 |
| **Cathay Clemente (Holdings) Limited** | | | | |
| NAV Sep 30 | HK$57.24 | | – | 49618 |
| **Chameleon Funds Limited** | | | | |
| UK Equity Fund | £138.20 | 139.151 | – | 49614 |
| **Chescor Indian Investment Company Ltd** | | | | |
| Smaller Cos Ptflo Jan 6 | $8.40 | | – | – |
| **The China Fund** | | | | |
| NAV Jan 6 | $8.14 | | – | 60266 |
| For China Investment Co see Orchard Asset | | | | |
| **The China Invest & Development Fd Ltd** | | | | |
| NAV Jan 3 | $10.27 | | – | 49635 |
| **Citizens Investment Trust Mgt Co Ltd** | | | | |
| [illegible] | | | | |
| **Coast Asset Management Corporation** | | | | |
| [illegible] | | | | |
| **Columbus Asset Management Ltd** | | | | |
| [illegible] | | | | |
| **Cowen Enterprise Fund N.V.** | | | | |
| [illegible] | | | | |
| **Craig Drill Capital Ltd** | | | | |
| NAV Oct 31 | $142.61 | | – | 49623 |
| **Creditanstalt Investment Co (Prague) as** | | | | |
| [illegible] | | | | |
| **Credit Investment Funds** | | | | |
| [illegible] | | | | |
| **Credit Lyonnais Intl Asset Mgmt (HK) Ltd** | | | | |
| [illegible] | | | | |
| **Credit Lyonnais Rouse (Bermuda) Ltd** | | | | |
| Switzerland Ltd | $17.876 | | – | 44798 |
| **Creswale (Guernsey) Ltd** | | | | |
| [illegible] | | | | |
| **Crosby Asset Management Ltd** | | | | |
| [illegible] | | | | |
| **Crystal Corporation N.V.** | | | | |
| Shs Class A/B Dec 31 | $76.41 | 78.42 | – | 50294 |
| **DWS Deutsche Ges. F. Wertpapiersp** | | | | |
| [illegible] | | | | |
| **Daehan Investment Trust Co Ltd** | | | | |
| [illegible] | | | | |
| **Daiwa APT Japan Fund** | | | | |
| Daiwa APT Japan | $8.4549 | 8.8001 | – | 47851 |
| **Daiwa Intl Capital Management (H.K.) Ltd** | | | | |
| [illegible] | | | | |
| **Daiwa International Capital Mngt (Sgp) Ltd** | | | | |
| DICAM Malaysian Eq Jan 10 | $8638.05 | | – | 50299 |
| **Daiwa Japanese Equity Warrant Fund** | | | | |
| Jap Eqty Wnt Jan 10 | $226.84 | 286.63 | – | 42072 |
| **Delta Lloyd Bank Fund Management** | | | | |
| Jade Fonds | Dfl195.50 | | 0.03 | 45300 |
| **Deutscher Investment–Trust** | | | | |
| [illegible] | | | | |
| **Dublin & Swisca Asset Management** | | | | |
| [illegible] | | | | |
| **Dynasty Fund Ltd** | | | | |
| NAV Dec 31 | $1.45 | | – | 53070 |
| **EBS Overseas Fund Ltd** | | | | |
| NAV Jan 6 | $1401.00 | 1403.00 | – | 46463 |
| **Eagle G-7 Mexico Fund Ltd** | | | | |
| NAV Oct 31 | $1.02 | | – | 50300 |
| **East Asia Hamon Asset Mngt Ltd** | | | | |
| Selected Asian P'tfolio | $20.87 | 20.88 | – | 47943 |
| **East Europe Development Fund Ltd** | | | | |
| [illegible] | | | – | – |
| **Emcor Limited** | | | | |
| Diversified Currency Portfolio | $975.36 | 994.87 | – | – |
| **Emerging Markets Management** | | | | |
| [illegible] | | | | |
| **Enigma Investments Ltd – Cayman** | | | | |
| [illegible] | | | | |
| **The Environmental Investment Co Ltd** | | | | |
| NAV Jan 10 | $9.21 | | – | 50303 |
| **Ermitage Group** | | | | |
| [illegible] | | | | |
| **Europe 1992** | | | | |
| NAV | $10.66 | | – | 45224 |
| **S.G. Europe Obligations SA** | | | | |
| Europe–Obligations | $161.32 | | – | 44935 |
| **The Exponential Offshore Fund Ltd** | | | | |
| NAV Nov 30 | $100.39 | | – | – |
| **FRM / Swiss Financial Services** | | | | |
| Multiple Advisory Ltd | $1463.00 | | – | 47958 |
| **Fairbanks Global Capital Fund Ltd** | | | | |
| NAV Aug 31 | $31582.14 | | – | 49661 |
| **Farrell Management Ltd** | | | | |
| Farrell Global Trading Ltd Dec 27 | $8.12 | | – | 52654 |
| **Fidelity Investments** | | | | |
| [illegible] | | | | |
| **Financiere Atlas** | | | | |
| [illegible] | | | | |
| **Firebird Capital Management** | | | | |
| Overseas Ltd NAV Nov 30 | $131.93 | | – | 51629 |
| **First Investments Ltd** | | | | |
| [illegible] | | | | |
| **First Mexico Income Fund** | | | | |
| First Mexico Inc Jan 4 | $15.29 | | – | 44647 |
| **Formosa Fund** | | | | |
| NAV Jan 13 IDR US$58.13 | | | | |
| **Formosa Growth Fund Limited** | | | | |
| NAV | $16.55 | | – | 50307 |
| **France Option Fund** | | | | |
| France Option | FFr12868 | 13284 | – | – |
| **Frank Russell Investments (Cayman) Ltd** | | | | |
| US Equity | $102.21 | | – | – |
| **GBC Asset Management** | | | | |
| [illegible] | | | | |
| "Dealing Thursdays-Forward | | | | |
| **GNI Fund Management (Bermuda) Ltd** | | | | |
| [illegible] | | | | |
| **The GP Taiwan Index Fund** | | | | |
| NAV Jan 11 | $1.18 | | – | 54003 |
| **GT Chile Growth Fund Ltd** | | | | |
| NAV Jan 10 | $42.04 | | – | 43677 |
| **GT Management Plc** | | | | |
| [illegible] | | | | |
| **Gaia Currency Funds** | | | | |
| [illegible] | | | | |
| **Garantia Arbitrage Equity Fd Ltd** | | | | |
| Share Value Jan 5 | $138.090706 | | – | 54042 |
| **Garantia Debt Fund** | | | | |
| Share Value Jan 5 | $1.016690 | | – | 52662 |
| **Garzarelli Sector Analysis Portfolio NV** | | | | |
| | $12.82 | | – | 47756 |
| **Genesis Fund Managers Ltd** | | | | |
| [illegible] | | | | |
| **Gertrust SA** | | | | |
| [illegible] | | | | |
| **Global Asset Management** | | | | |
| [illegible] | | | | |
| **Global Atlo Inc** | | | | |
| NAV Jan 11 | $1341.02 | | – | 51670 |
| **Global Government Plus Fund** | | | | |
| c/o Prudential–Bache Secs (UK) Inc. | | | | |
| **Global Investment Fund Ltd** | | | | |
| NAV Nov 30 | $711.42 | | – | 54078 |
| **Global Leveraged Futures Fund** | | | | |
| NAV Jan 12 | $81.70 | | – | – |
| **Goldman Sachs** | | | | |
| [illegible] | | | | |
| **Green Way Guaranteed Ltd** | | | | |
| NAV Nov 30 | Ecu1348.92 | | – | 49875 |
| **Greystone International** | | | | |
| [illegible] | | | | |
| **Group One International Tst** | | | | |
| [illegible] | | | | |
| **Guardian Global Asset Management Ltd** | | | | |
| [illegible] | | | | |
| **HSBC Asset Management (Bahamas) Ltd** | | | | |
| [illegible] | | | | |
| **Hasenbichler Asset Management GmbH** | | | | |
| [illegible] | | | | |
| **Hassemann Hldgs NV Curacao** | | | | |
| Hassemann Dec 31 | $820.46 | 828.53 | – | 47485 |
| **Hull Capital Corps** | | | | |
| Hull Overseas Oct 13 | $151.70 | | – | 52720 |
| **IAA Limited** | | | | |
| Investors Shares NAV | $1668 | | – | 54093 |
| **IDF Investment & Development Financing Ltd** | | | | |
| IDF Global | $83.07 | | – | 54084 |
| **India Investment AG** | | | | |
| NAV Jan 11 | SFr482.84 | | – | – |
| **The India Magnum Fund NV** | | | | |
| NAV Dec 30 | $61.98 | | – | 49886 |
| **Indian Opportunities Fund Ltd** | | | | |
| NAV Ordinary Jan 11 | $14.26 | | – | 50318 |
| **Indosuez Asset Management Asia Ltd** | | | | |
| [illegible] | | | | |
| **Indosuez Brazil Fixed Income Fd Ltd** | | | | |
| NAV Jan 6 | $13354.54 | | – | 54098 |
| **Infinity Capital Corporation** | | | | |
| Infinity Growth NAV Dec 30 | $10.1400 | | – | 54099 |
| **Integral Hedged Assets Ltd** | | | | |
| Integral European | $9.83 | | – | 54666 |
| **The Jaguar Fund N.V.** | | | | |
| NAV Jan 12 | $387.01 | | – | 50317 |
| **Jardine Fleming Inv Mngt Ltd** | | | | |
| [illegible] | | | | |
| **Jardine Fleming Unit Trusts Ltd** | | | | |
| [illegible] | | | | |
| **Jardine Fleming Unit Trusts Ltd - Contd.** | | | | |
| [illegible] | | | | |
| Only available during special offer periods | | | | |
| **Johnson Fry Securities Ltd** | | | | |
| [illegible] | | | | |
| For Jupiter Tyndall see Bermuda (SIB Recognised) | | | | |
| **Jupiter Tyndall (Bermuda) Ltd** | | | | |
| Korea Smaller Companies Class | $0.94 | 1.05 | – | – |
| **KI Asia Pacific Fund Ltd** | | | | |
| KI Asia Pacific | $11.81 | 11.68 | – | 51989 |
| **Kingate Global Fund Ltd** | | | | |
| NAV Nov 30 | $99.27 | | – | 54121 |
| **Kingdon Offshore N.V.** | | | | |
| NAV Jan 5 | $18.06 | | – | 54122 |
| **Korea China Super Fund Ltd** | | | | |
| NAV Dec 31 | $11.85 | | – | 53230 |
| **Korea Intl Investment Fund** | | | | |
| NAV Jan 9 | $175.41 | | – | 50322 |
| **Korea Intl Investment Fund Ltd (II)** | | | | |
| NAV Jan 9 | $71.25 | | – | – |
| **Korea Investment Trust Co Ltd** | | | | |
| [illegible] | | | | |
| **Lehman Brothers Oporto Growth Fund** | | | | |
| NAV Dec 31 | | | – | 44840 |
| **Lippo Asia Ltd** | | | | |
| [illegible] | | | | |
| **Lloyd George Management** | | | | |
| [illegible] | | | | |
| **Lloyds Bank Government Bonds** | | | | |
| [illegible] | | | | |
| **Lloyds Bank International (Bahamas) Ltd** | | | | |
| Balanced Moderate Risk | $9.35 | 9.59 | – | 53231 |
| **London Portfolio Services Group** | | | | |
| [illegible] | | | | |
| **MBf Unit Trust Managers Limited** | | | | |
| [illegible] | | | | |
| **MD Sass Re/Enterprise International Ltd** | | | | |
| Class A Shares NAV Dec 30 | $1291.52 | | – | – |
| **MFS Meridian Funds** | | | | |
| [illegible] | | | | |
| **Magellan Emerging Markets Mngt (Jersey) Ltd** | | | | |
| Magellan Emerging Mkts | $811.26 | 843.71 | – | 54146 |
| **Magnum Funds** | | | | |
| [illegible] | | | | |
| **Magnus Asset Management Ltd** | | | | |
| [illegible] | | | | |
| **Malaysia Capital Fund Ltd** | | | | |
| [illegible] | | | | |
| **Malaysia Fund (Labuan)** | | | | |
| NAV Jan 6 | $14.17 | | – | 50332 |
| **Malaysia Growth Fund** | | | | |
| NAV Jan 6 | $16.24 | | – | 47444 |
| **Man International Futures** | | | | |
| [illegible] | | | | |
| **Mauritius Fund Ltd** | | | | |
| NAV Nov 30 | $13.45 | | – | 49732 |
| **MeesPierson** | | | | |
| [illegible] | | | | |
| **Merrill Lynch Asset Management** | | | | |
| [illegible] | | | | |
| **Merrill Lynch Guernsey** | | | | |
| Indonesian Cap NAV Dec 18 | $13.31 | | – | 47939 |
| **Millennium Asset Management** | | | | |
| US$ Global Currency | $1000.00 | | – | – |
| **Minstaink International Ltd** | | | | |
| NAV Jan 5 | $114.11 | | – | 50334 |
| **Momentum Asset Mgmt** | | | | |
| [illegible] | | | | |
| **Montgomery Emerging Markets Fund Ltd** | | | | |
| NAV Jan 6 | $1271.02 | | – | 50337 |
| **Moore Global Investment** | | | | |
| [illegible] | | | | |
| **Morgan Stanley Emerging Market Fund** | | | | |
| [illegible] | | | | |
| **Morgan Stanley Japanese Warrant Fund NV** | | | | |
| NAV | $2.0014 | | – | 42142 |
| **National Investment Trust Company Ltd** | | | | |
| The New Taipei Fund Ltd | $14.8839 | | – | 47737 |
| **Nomura Warrant Fund 1980 Ltd** | | | | |
| NAV | $0.18 | | – | 43801 |
| **North Atlantic Management Co Ltd** | | | | |
| Compass | $10.53 | 10.85 | – | 54168 |
| **North Star Fund Managers (Cayman) Ltd** | | | | |
| [illegible] | | | | |
| **Oday Asset Management Ltd** | | | | |
| [illegible] | | | | |
| **Old Ironsides International Ltd** | | | | |
| Old Ironsides Oct 31 | | | – | 50342 |
| **Omega Overseas Partners Ltd** | | | | |
| Omega Overseas Partners Jan 12 | $147.0874 | | – | 47721 |
| **Opportunity Fund** | | | | |
| [illegible] | | | | |
| **Optima Fund Management** | | | | |
| [illegible] | | | | |
| **Orbis Investment Management Ltd** | | | | |
| [illegible] | | | | |
| * Prices as Jan 12 Next Pricing Jan 19 Weekly Pricing | | | | |
| **Orbitex Management Ltd** | | | | |
| [illegible] | | | | |
| **ORIENT Growth Fd** | | | | |
| NAV | $14.12 | | – | 47865 |
| **Oryx Fund Ltd** | | | | |
| NAV Jan 11 | $10.16 | | – | 54721 |
| **PFC Internatl Portfolio Fd Mngt Ltd** | | | | |
| [illegible] | | | | |
| **PFM Israel Growth Fund Ltd** | | | | |
| Israel Growth | $5.30 | 5.63 | – | 53239 |
| **PFPC International Ltd** | | | | |
| [illegible] | | | | |
| **PRS International** | | | | |
| [illegible] | | | | |
| **Pacific Growth Fund** | | | | |
| NAV | $16.81 | | – | 45589 |
| **Pactual** | | | | |
| [illegible] | | | | |
| **Pakistan Fund** | | | | |
| [illegible] | | | | 50349 |
| **Panther Capital Advisors** | | | | |
| Panther Fund Dec 30 | $16.52 | | – | – |
| **Pequot International Fund Inc** | | | | |
| NAV Dec 07 | $205.49 | | – | 46771 |
| **Peru Select Group of Funds Limited** | | | | |
| Peru 2000 | $9.93 | | – | – |
| **Philippine Income Fund Inc** | | | | |
| NAV Jan 11 | $9.86 | | – | 50349 |
| **Portuguese Investment Fund Ltd** | | | | |
| NAV Jan 12 | $87.9425 | | – | 44844 |
| **Private Asset Management GAM Fund Inc** | | | | |
| NAV | $99.65 | | – | 54723 |
| **Prospect Asset Management (CI) Ltd** | | | | |
| [illegible] | | | | |
| **Prospector Fund Management Ltd** | | | | |
| Prospector Fund Ltd NAV Nov 30 | $95.4309 | | – | – |
| **Putnam Emerging Funds Ltd** | | | | |
| [illegible] | | | | |
| **Putnam International Advisers Ltd** | | | | |
| [illegible] | | | | |
| **Quantum Group** | | | | |
| [illegible] | | | | |
| **Real Estate Strategies Ltd** | | | | |
| IRES International | C$– | 1160.18 | – | 47870 |
| **Regent Fund Management Ltd** | | | | |
| [illegible] | | | | |
| **Republic Funds** | | | | |
| [illegible] | | | | |
| For Republic New York see Republic | | | | |
| **Rosenwald, Roditi & Co Ltd** | | | | |
| [illegible] | | | | |
| **Royal Bank of Canada Intl Money Market Fd** | | | | |
| [illegible] | | | | |
| **Sabre Futures Fund** | | | | |
| [illegible] | | | | |
| For Safra Republic Holdings see Republic Funds | | | | |
| **Sao Jorge Ltd** | | | | |
| NAV | | | – | – |
| **Schroder Investment Management Limited** | | | | |
| Cap US Equity Jan 10 | $7.79 | | 6.45 | 45760 |
| **Schroder Japanese Warrant Fund** | | | | |
| Undiluted NAV Jan 11 | $0.93 | | – | 43603 |
| **Schroders Asia Limited** | | | | |
| [illegible] | | | | |
| **Schroders Australia Ltd** | | | | |
| Schroder Aust Sh | A$6.98 | 7.47 | – | 45777 |
| For Schroder (Switzerland) see Luxembourg (Regulated) | | | | |
| **Scimitar Bermuda Funds** | | | | |
| [illegible] | | | | |
| **Scudder, Stevens & Clark Inc** | | | | |
| [illegible] | | | | |
| **Seahawk International Inc** | | | | |
| Seahawk International Inc | $206.4002 | | – | 50632 |
| **Segespar Securities (Bermuda) Ltd** | | | | |
| Green Way Ltd NAV Dec 30 | $20368.16 | | – | 47471 |
| **Seychelles Fund Ltd** | | | | |
| NAV Jun 30 | $857.7820 | | – | 53242 |
| **Shizuoka Investment Mngnt (Bermuda) Ltd** | | | | |
| Japan Opps NAV Dec 31 | $10.877 | | – | 44304 |
| **Sietra Fund Ltd** | | | | |
| NAV Jan 13 | $13.66 | | – | 54229 |
| **Simeon Robinson Investment Mngmt Ltd** | | | | |
| [illegible] | | | | |
| **Smith Barney Funds** | | | | |
| [illegible] | | | | |
| **Soditic Asset Management Inc** | | | | |
| [illegible] | | | | |
| **Carl Spaengler KAG** | | | | |
| Long Term Value Trust NAV | $892.07 | | – | 40636 |
| **Springfield Fund Mngmt (Gibraltar) Ltd** | | | | |
| Global Liquidity Fd Ltd | $103.51 | | 5.44 | 54266 |
| **Sri Lanka Growth Fund** | | | | |
| NAV Jan 16 | $8.33 | | – | 54266 |
| **State Street Banque SA** | | | | |
| [illegible] | | | | |
| **Skrome Offshore Limited** | | | | |
| NAV Dec 31 | $173.12 | | – | 49841 |
| **Suisse Finance Corporation** | | | | |
| Infinity Investors Ltd | $6727.00 | | – | – |
| **Swiss Bank Corporation** | | | | |
| [illegible] | | | | |
| **Taipei Fund** | | | | |
| NAV NT$7321.0 $88.21 (Jan 13) | | | | |
| **Templeton Galbraith & Hansberger Ltd** | | | | |
| Global Inc Jan 6 | $7.20 | 7.77 | 7.79 | 40592 |
| **The Egerton European Dollar Fund Ltd** | | | | |
| NAV Jan 12 | $9.96 | | – | – |
| **The Egerton European Equity Fund Ltd** | | | | |
| NAV Jan 6 | DM10.19 | | – | – |
| For The Thai Development Capital Fd see Crosby Asset | | | | |
| **The Thai-Euro Fund Ltd** | | | | |
| Lloyds Bank Fund Mngrs (Guernsey) Ltd NAV Jan 6 | $45.73 | | – | 46323 |
| **The Thai Prime Fund Limited** | | | | |
| NAV Jan 6 | $23.75 | | – | 47484 |
| **The Thailand Fund** | | | | |
| NAV Jan 12 Baht 2195654 84 IDR value US$87608.45 | | | | |
| **The Thailand Growth Fund** | | | | |
| [illegible] | | | | |
| **The Thailand Intl Fund Ltd** | | | | |
| Fidelity International Ltd NAV Jan 6 | $43.80 | | – | 46646 |
| **Thames Currency Funds** | | | | |
| [illegible] | | | | |
| **Thornton Investment Management Ltd** | | | | |
| [illegible] | $17.38 | | – | 41570 |
| **Tilan Capital Management** | | | | |
| [illegible] | | | | |
| **Trans Global Investments** | | | | |
| [illegible] | | | | 47724 |
| **Triumph Global Hedge Ltd** | | | | |
| NAV Dec 31 | $312.72 | | – | 51850 |
| **Ultra Cerberus Fund Ltd** | | | | |
| Fund Advisors Ltd Dec 31 | $1230.04 | | – | 52596 |
| **Ultra China Fund** | | | | |
| Fund Advisors Ltd Dec 31 | $865.90 | | – | – |
| **Ultra Futures Fund Ltd** | | | | |
| Fund Advisors Ltd Dec 31 | $11083.36 | | – | 50361 |
| **Ultra Sector Fund Ltd** | | | | |
| Fund Advisors Ltd Dec 31 | $1090.39 | | – | 50363 |
| **Ultra Telecom Fund Ltd** | | | | |
| Fund Advisors Ltd Dec 31 | $754.88 | | – | 52997 |
| **Ultra Value Fund Ltd** | | | | |
| [illegible] | | | | |
| **Value Partners "A" Fund** | | | | |
| NAV Jan 16 | $13.64 | | – | 51951 |
| **Valu-Trac Investment Management Ltd** | | | | |
| [illegible] | | | | |
| **The Vietnam Frontier Fund** | | | | |
| Frontier Fund Management Co NAV (Partly Paid) Dec 31 | $4.97 | | – | – |
| **The Vietnam Fund Limited** | | | | |
| Lloyds Bank Fund Managers (Guernsey) Ltd NAV Fully Paid Dec 31 | $10.70 | | – | 44033 |
| **WW Capital Growth Fund** | | | | |
| NAV Dec 30 | $990.20 | | – | 49861 |
| **Wellington Fd Mngrs (Bermuda) Ltd** | | | | |
| Intnl Growth Fd | $14.71 | 15.44 | – | 45968 |
| **Wells Fargo U.S. IT Fund** | | | | |
| [illegible] | | | | |
| **Worldwide Limited** | | | | |
| NAV Nov 30 | $63.14 | | – | 46663 |
| **Xiphias International Investment Fd Ltd** | | | | |
| [illegible] | | | | |
| **Yamaichi Capital Management (Guernsey) Ltd** | | | | |
| Thai Inv Fund | $20.19 | | – | 46493 |

**MANAGED FUNDS NOTES**

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.

(**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey - Financial Services Commission; Ireland - Central Bank of Ireland; Isle of Man - Financial Supervision Commission; Jersey - Financial Services Department; Luxembourg - Institut Monetaire Luxembourgeois.

Initial charge - Charge made on sale of units. Selling price - Bid or redemption price. Buying price - Offer or issue price. Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols: (☆) - 0001 to 1100 hours; (◆) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. E - Exit Charge on sale of units. C - Manager's periodic charge deducted from capital. H - Historic pricing F - Forward pricing. h - Distribution free of UK taxes. p - Periodic premium insurance plans. s - Single premium insurance. u - Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). x - Offered price includes all expenses except agent's commission. z - Previous day's price. ♀ - Guernsey gross. ⊕ - Yield before Jersey tax. † - Ex-subdivision. ‡ - Only available to charitable bodies. ◊ - Yield column shows annualised rates of NAV increase. xd - Ex-dividend.

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MONEY MANAGEMENT

FT FINANCIAL TIMES *Magazines*

# LONDON SHARE SERVICE

## BANKS, MERCHANT

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| Barings 8pc Cnv 2nd Prf | | 97 | 1.0 | 8% | – | Jun Dec | 14.11 | 1757 |
| 9¼pc Non-Cum Prf | | 117 | 0.6 | 9¼% | – | Jun Jul | 14.11 | 1421 |
| Cater Allen | ‡†N□ | 454 | 2.0 | 28.3 | 1.6 | Jan Jul | 12.12 | 2081 |
| Close Bros | ‡N | 225 | 0.9 | 7.6 | 2.9 | Apr Oct | 3.10 | 2180 |
| Gerrard & Nat | ‡†N□ | 488 | 1.7 | 24.0 | 1.5 | Jul Dec | 7.11 | 2686 |
| Hambros | ‡N□ | 247 | 2.9 | 15.0 | 1.1 | Aug Dec | 28.11 | 2812 |
| 7¼pc Cv Pf | | 109½ | 5.3 | 7¼% | – | Oct | 5.9 | 4388 |
| Joseph (L) | ‡†N | 305 | -3.2 | 17.88 | 1.9 | Sep Dec | 5.12 | 3080 |
| King & Shaxson | ‡N | 103xd | – | 9.0 | 1.1 | Jan Jul | 19.12 | 3088 |
| Kleinwort Benson | ‡†N□ | 541 | -1.3 | 19.25 | 2.6 | May Oct | 15.8 | 3102 |
| Rea Bros | ‡†N□ | 68 | – | 0.98 | 3.2 | May Oct | 29.8 | 3786 |
| Schroders | ‡†N□ | 1443 | – | 18.5 | 5.9 | May Oct | 12.9 | 3938 |
| N/V | †N | 1303 | -2 | 18.5 | 8.8 | May Oct | 12.9 | 3941 |
| Singer & Fried | ‡†N□ | 85½ | -.6 | 3.13 | 2.6 | Nov Jun | 19.9 | 4026 |
| Union | ‡†N□ | 92 | – | 4.8 | 1.6 | Mar Oct | 28.8 | 4353 |
| Warburg (SG) | ‡†N□ | 673 | -1.6 | 22.0 | 2.4 | Jul Dec | 14.11 | 4425 |
| Wintrust | ‡N | 215 | – | 10.25 | 1.5 | Oct Mar | 22.8 | 4924 |

## BANKS, RETAIL

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| ABN Amro Fl | □ | £22¼ | -.9 | Q51% | ϕ | Sep May | 9'93 | – |
| ANZ A$ | | 204 | 0.5 | Q25c | ϕ | Jan | 12'93 | – |
| Abbey National | †N□ | 439 | 0.1 | 18.86 | 2.1 | May Oct | 15.8 | 5411 |
| Allied Irish I£ | ‡†N□ | 287 | -1.8 | Q58¼% | 2.7 | Oct May | 18.8 | 1354 |
| Anglo Irish I£ | N□ | 54xd | 1.8 | Q17.8% | 1.7 | Jan Jul | 28.11 | 1305 |
| Asahi Y | | 704¼ | -3.6 | Q14% | ϕ | Jun Dec | 12'92 | 3049 |
| Banco Bil Viz Pta | | 2143½ | -7.8 | Q27.25 | 2.7 | JyOcJaAp | 7'93 | – |
| Banco Sant Pta | | £26 | -2.5 | Q98% | 2.0 | MrJnSpDc | 1.8 | – |
| Bk Ireland I£ | †N□ | 287 | -1.3 | Q14.7% | 3.2 | Jan Jul | 21.11 | 1360 |
| Bank Scotland | ‡†N□ | 199 | -2.9 | 6.31 | 3.3 | Jul Dec | 17.10 | 1742 |
| 9¼pc Pf | | 117¼ | 0.2 | 9¼% | – | May Nov | 17.10 | 1482 |
| 9⅜pc Pf | | 123 | – | 9⅜% | – | May Nov | 17.10 | 1686 |
| Barclays | ‡†N□ | 587 | -3.6 | 18.85 | 2.4 | Oct May | 15.8 | 1754 |
| Dai Ichi Kan Y | □ | £12½ | 2.9 | Q17% | 1.2 | Jun Dec | 9'93 | – |
| Deutsche DM | □ | £287¼ | 0.6 | Q33% | – | May | 5'93 | – |
| Espirito Santo | □ | £9½ | -4.8 | Q80c | 5.2 | Jun | 6'93 | 5187 |
| Fuji Bank Y | □ | 1397 | 0.4 | Q17% | ϕ | Dec Jun | 7'93 | – |
| HSBC HK | †N□ | 641 | -4.3 | 24.5 | 2.4 | Nov Jun | 2.9 | 2796 |
| HSBC (75p Shs) | †N□ | 662 | -4.1 | 24.5 | 2.4 | Mar Jun | 5.8 | 2776 |
| Irish Permanent | I£N□ | 240 | 8.8 | 2.9 | 2.9 | Apr Oct | – | 4709 |
| Lloyds | †N□ | 547 | -2.5 | 23.0 | 2.1 | Oct May | 8.8 | 3171 |
| Mitsubishi Y | □ | £15¼ | 1.8 | Q17% | ϕ | Jun Dec | 12'92 | – |
| Mits Tst & Bk Y | □ | 905¼ | -3.1 | Q16% | 12.4 | Jun Dec | 12'92 | – |
| Mitsui Tst & Bk Y | □ | 643½ | -1.2 | Q17% | 3.5 | Jun Dec | 12'92 | – |
| Nat Aust A$ | | 514 | 1.4 | Q74c | ϕ | Jun Jul | 21.8 | – |
| NatWest | †N□ | 481 | -3.0 | 19.4 | 2.3 | Oct May | 8.8 | 3483 |
| Oldsmane FFr | | £21½ | – | Q125% | ϕ | May | 25.5 | – |
| Ryl Bk Scotland | ‡gN□ | 388xd | -.8 | 13.78 | 2.9 | Feb Jul | 12.12 | 3874 |
| Sakura Y | □ | £8½ | -.9 | Q17% | 8.8 | Dec Jun | 12'92 | – |
| Sanwa Y | □ | £12½ | 1.1 | Q18% | 2.0 | Jun Dec | 12'92 | – |
| Standard Chartd | †N□ | 261 | -4.2 | 6.37 | 4.2 | Jan Oct | 22.8 | 4094 |
| 7 3/8pc Prf | | 84½ | 0.3 | 7.37 | – | Apr Oct | 22.8 | 1719 |
| Sumitomo Y | | £11⅝ | -1.3 | Q17% | 1.3 | Jun Dec | 12'92 | – |
| Sumitomo Tst Y | | 827¼ | -2.8 | Q17% | ϕ | Jun Dec | 12'92 | – |
| TSB | N□ | 223 | -5.9 | 9.02 | ϕ | Apr Oct | 19.8 | 4320 |
| Tokai Y | | 871½ | -1.2 | Q18% | 2.8 | Jun Dec | 12'92 | – |
| Toyo Tst & Bk Y | | 646 | – | Q15½% | 2.3 | Jun Dec | 9'93 | – |
| Westpac A$ | | 212 | -2.3 | Q12c | ϕ | Jul Jul | 7.8 | – |
| Yasuda Tst Bk Y | ‡□ | 409½ | 0.8 | Q15½% | 2.3 | Jun Dec | 12'92 | – |

## BREWERIES

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| Ascot Hldgs | □ | 164 | -3.0 | – | – | – | – | 2515 |
| Bass | ‡gN□ | 514xd | -2.8 | 21.1 | 1.0 | Feb Jul | 19.12 | 1772 |
| Boddington | †N□ | 280 | 0.4 | 8.32 | 2.1 | Apr Oct | 12.9 | 1862 |
| Burtonwood | †N | 176xd | – | 5.1 | 2.0 | Feb Aug | 14.11 | 2022 |
| Eldridge,Pope A | ‡N | 157xd | 1.3 | 4.1 | ϕ | Feb Jul | 3.1 | 2435 |
| Fosters A$ | | 56 | 3.7 | Q6c | ϕ | May Oct | 9'93 | 1072 |
| Fuller STA | ‡‡†N | 352xd | 0.9 | 7.9 | 3.1 | Jan Aug | 19.12 | 2643 |
| Gibbs Mew | ‡†gN | 442 | -3.5 | 9.8 | 3.1 | Oct Apr | 9.8 | 2883 |
| Greenalls | ‡gN□ | 417xd | -1.9 | 13.1 | 1.5 | Jul Feb | 3.1 | 2708 |
| Greene King | †N□ | 528xd | -.4 | 13.15 | 2.7 | Feb Aug | 28.12 | 2789 |
| Grosvenor Inns | ‡N | 163 | 15.6 | 4.75 | 1.3 | Mar Oct | 15.8 | – |
| Hall (J) | †N | 3400 | – | 48.0 | 3.7 | Jun Oct | 3.10 | 2912 |
| Kirin Y | | 734¼ | 2.8 | Q20% | 4.2 | Mar Sep | – | 1119 |
| Mansfield | †N | 243xd | 3.4 | 4.86 | 3.6 | Jan Aug | 19.12 | 3282 |
| Marston Thomp | †N□ | 304xd | -1.8 | 6.12 | 3.2 | Jan Aug | 5.12 | 3301 |
| Morland | N | 463xd | 1.8 | 10.71 | 3.1 | Jan Jul | 5.12 | 3418 |
| Paramount | ‡gN□ | 7 | – | 0.2 | – | Nov | 3.10 | 2050 |
| Regent Inns | ‡N | 327 | 8.8 | 6.4 | 2.3 | Apr Nov | 10.10 | 2180 |
| Scott & New | †N□ | 509xd | – | 17.44 | 1.8 | Feb Sep | 3.1 | 3844 |
| United Breweries | ‡□ | 84¼ | – | – | – | – | – | 3877 |
| Vaux | N□ | 237xd | 2.2 | 9.85 | 1.6 | Feb Jul | 19.12 | 4382 |
| Wetherspoon (J.D.) | N□ | 471 | 3.3 | 8.8 | 2.4 | May Dec | 31.10 | 1018 |
| Whitbread | †N□ | 559xd | 0.4 | 19.75 | 1.8 | Feb Aug | 28.11 | 4488 |
| Wolv & Dudley | †N□ | 524xd | – | 13.9 | 2.7 | Jan Jul | 13.12 | 4590 |
| Yates Bros | ‡□ | 208xd | 8.7 | 3.8 | 2.7 | Feb | 12.12 | – |
| Young A | N | 493 | -.4 | 35.0 | 1.8 | Jul Dec | 28.11 | 4682 |
| N/V | N | 403 | – | 16.0 | 1.8 | Jul Dec | 28.11 | 4564 |

## BUILDING & CONSTRUCTION

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| AAF Inds | † | 1 | – | – | – | – | 4'93 | 1485 |
| Abbey I£ | † | 135 | -5.9 | Q7.2% | 2.7 | Feb Oct | 15.8 | 1353 |
| Allen | ‡†N | 157xd | -.6 | 3.5 | 1.8 | Jun Jul | 13.13 | 4886 |
| AMEC | † | 89 | 8.7 | 2.9 | 0.6 | Jun Jul | 17.10 | 1589 |
| 6½p Cv Pf | | 72½ | – | 6½% | – | May Nov | 12.9 | 5087 |
| Amey | ‡LN□ | 148 | -8.1 | 1.00 | 0.6 | Oct May | 19.9 | 4411 |
| Andrews Sykes | N□ | 148 | 7.2 | – | – | Feb Oct | 9'93 | 1935 |
| Ashtead | ‡N□ | 422 | – | 8.5 | 2.6 | Apr Oct | 15.8 | 1888 |
| Avonside | ‡†N□ | 104 | – | 4.4 | 2.0 | May Nov | 19.9 | 1276 |
| Bailey (B) | ‡N□ | 35 | – | 0.7 | 2.3 | Oct Jul | 12.9 | 1728 |
| Ball (AH) | | 23 | – | 1.0 | – | Feb Aug | 7'94 | 4790 |
| Banner Homes | ‡†N□ | 187 | – | 1.7 | 3.1 | Jan Sep | 21.11 | 1748 |
| Barcom | N□ | 36 | – | – | – | – | 1'94 | 1487 |
| Barls | ‡N | 22 | – | – | – | – | 10'91 | 1800 |
| Barratt Devs | †N□ | 163 | -.6 | 6.0 | 2.1 | Nov May | 3.10 | 1786 |
| Beazer Homes | ‡MN□ | 129 | -1.5 | 5.4 | 1.8 | Nov | 19.9 | 3026 |
| Bellway | N□ | 188xd | -5.1 | 7.0 | 2.4 | Jan Jul | 12.12 | 1798 |
| Bellwinch | N□ | 34 | – | – | – | – | – | 1800 |
| Berkeley | †N□ | 345xd | 2.4 | 7.2 | 4.4 | Feb Aug | 19.12 | 1813 |
| Bett Bros | N | 178xd | – | 4.8 | 6.6 | Jan Jun | 28.11 | 1822 |
| Birse | | 18½ | – | – | – | – | 2'92 | 5293 |
| Boot (H) | †N | 230 | -4.2 | 6.65 | 3.0 | May Nov | 24.10 | 1874 |
| Brandon Hire | †N | 96 | 3.2 | 1.5 | 0.3 | Oct | 5.9 | 5294 |
| Britannia | ZN | 34 | – | 0.6 | – | Nov | 28.9 | 1962 |
| BB & EA | ‡N□ | 180 | -3.2 | 8.0 | 2.0 | Jan May | 28.11 | 1800 |
| Bryant | ‡N□ | 118 | – | 5.9 | 1.8 | Nov Apr | 26.9 | 1982 |
| CALA | N□ | 106 | – | 2.8 | 2.3 | May Oct | 26.9 | 2034 |
| CRP Leisure | ‡ | 8½ | – | – | – | – | – | 3877 |
| Campbell & Arm | N | 34½ | – | – | – | – | 6'92 | 2948 |
| Clarke (T) | N | 49 | – | 1.26 | 0.9 | Oct | 29.8 | 2155 |
| Costain | ‡N□ | 20½ | – | – | – | – | – | 2248 |
| Countryside | N□ | 105 | 1.0 | 4.21 | ϕ | Apr Sep | 4.7 | 2248 |
| Crest Nichol | ‡†N□ | 75 | – | 1.8 | 3.1 | Apr Oct | 15.8 | 2276 |
| 5½pc Cv Pf | | 67 | 1.5 | 5½% | – | Apr Oct | 15.8 | 2278 |
| Cussins | ‡N | 98 | -1.0 | 3.4 | 2.4 | Oct Jun | 19.9 | 2295 |
| Donelon Tyson | N□ | 72 | – | – | – | Aug | 6'93 | 4644 |
| EBC | N□ | 63 | – | 4.0 | – | May Oct | 19.9 | 2411 |
| Edmond | N□ | 11 | – | 0.8 | – | Dec Jul | 3.10 | 2427 |
| Eve | ‡N | 273 | – | 11.0 | 2.2 | Mar Sep | 1.8 | 2556 |
| Fairbriar | N | 11 | 10.9 | – | – | – | – | 2532 |
| Galliford | ‡N□ | 28 | 5.7 | 1.6 | – | Apr Nov | 17.10 | 2683 |
| Gleeson (MJ) | ‡N□ | 390 | 0.2 | 14.16 | 4.1 | Jan Jun | 14.11 | 2713 |
| Havelock Europa | ‡N□ | 190 | 6.7 | 9.8 | 3.1 | Jul Dec | 31.10 | 2845 |
| Hewden-Stuart | †N□ | 138½ | 0.4 | 2.97 | 2.8 | Jul Dec | 17.10 | 2878 |
| Higgs & Hill | ‡gN□ | 90 | – | 2.5 | 0.2 | Dec Jun | 17.10 | 2886 |
| Howard | N | 19 | – | 0.6 | 1.3 | Oct | 15.8 | 2930 |
| Jackson | N | 60 | -3.2 | 1.8 | 1.5 | Jul Nov | 28.9 | 5107 |
| Jarvis | N□ | 10¼ | -2.3 | – | – | Jul | 5'92 | 3080 |
| Kajima Y | | 553½ | 1.0 | Q18% | 1.2 | Jun Dec | 12'92 | – |
| Keller | ‡WN□ | 115 | -.0 | Q4.7 | 2.5 | Oct May | 26.9 | 3788 |
| Laing (J) | ‡N | 278 | -.5 | 9.9 | 1.2 | Nov Jun | 19.9 | 3122 |
| A N/V | N□ | 278 | -.5 | 9.9 | 1.2 | Nov Jun | 19.9 | 3121 |
| 6.4pc Cv Pf | | 94 | -1.1 | 6.4% | – | May Nov | 12.9 | 2481 |
| Lee & Clydes | | 122 | – | 4.8 | 1.5 | Jul Feb | 4.7 | 3190 |
| Lovell (YJ) | N | 54 | -10.9 | 1.6 | 0.4 | Apr | 6'91 | 3224 |
| Maunders (J) | N | 208 | -.5 | 5.5 | ϕ | Apr Nov | 24.10 | 3307 |
| McAlpine (A) | ‡gN□ | 178 | 4.7 | 8.8 | 1.5 | Apr Nov | 3.10 | 3319 |
| McCarthy & St | | 89 | – | – | – | – | 5'93 | 3310 |
| Morgan Sindall | N□ | 68 | – | 0.1 | – | Jul | 16.5 | 4027 |
| Mowlem (J) | ‡†N□ | 104 | 1.5 | 2.0 | – | Jul | 10'93 | 3431 |
| Persimmon | ‡†gN□ | 189 | -2.9 | 9.2 | 1.4 | Apr Oct | 12.9 | 3641 |
| Pochins | N | £22 | – | 32.8 | 3.1 | Apr Oct | 3'93 | – |
| Prowting | †N□ | 120xd | -.8 | 2.9 | 1.8 | Jan Jul | 14.11 | 5867 |
| Raine | ‡N□ | 52 | 9.5 | 0.9 | 1.3 | Apr Oct | 10.10 | 3780 |
| Redrow | ‡N□ | 93 | -4.1 | 2.7 | 3.2 | Nov Apr | 3.10 | 4306 |
| Regent Corp | □ | 22 | -12.0 | – | – | – | – | 3305 |
| Severfield-Rve | ‡† | 60 | – | 0.75 | 3.8 | Oct May | 19.9 | 5126 |
| Sherriff | ‡†N | 391xd | – | 6.76 | 4.1 | Aug Feb | 3.1 | 1711 |
| Sherco | ‡†N | 109 | – | 2.97 | 1.8 | Jan Oct | 2.9 | 4612 |
| Tay Homes | ‡N□ | 171 | 0.6 | 6.45 | 1.9 | May Nov | 17.10 | 4176 |
| Taylor Wood | ‡†N□ | 122 | -.8 | 1.75 | 2.7 | Jul Nov | 19.9 | 4177 |
| Tilbury Douglas | ‡N | 565 | -1.8 | 23.0 | 0.8 | Jul Nov | 3.10 | 4230 |
| Torex Hire | N□ | 62xd | 5.1 | 1.3 | 2.7 | Apr Sep | 9.1 | 3287 |
| Try | gN□ | 20 | – | 0.5 | – | Oct | 28.9 | 4265 |
| Utility Cable | N□ | 22½xd | -2.9 | 0.22 | – | Feb | 9.1 | 3808 |
| VHE | ‡†N□ | 110 | 4.8 | 4.05 | 2.1 | Feb Oct | 0.9 | 3862 |
| Vibroplant | | 106 | -1.0 | 3.73 | 1.5 | Jan Oct | 28.11 | 4397 |
| Walnhomes | ‡†N□ | 115xd | – | 4.0 | 1.5 | Jan Aug | 13.12 | 4007 |
| Ward Hldgs | ‡ZN□ | 58 | 1.8 | 8.8 | – | Oct | 22.8 | 4428 |
| Westbury | ‡N□ | 139 | – | 5.4 | 2.9 | Jan Jul | 7.11 | 4469 |
| West Scallbig | □ | 1 | – | – | – | – | 7'90 | 4673 |
| Westport | □ | 3¼ | – | – | – | – | 8'90 | 4693 |
| Wiggins Group | □ | 5¼ | -4.5 | – | – | – | – | 4502 |
| Wilson (Con) | †N□ | 157 | -2.5 | 4.22 | 2.8 | Jul Oct | 19.9 | 4519 |
| Wilson Bowden | ‡†N□ | 313 | -2.2 | 0.6 | 2.8 | May Mar | 3.10 | 4510 |
| Wimpey (G) | ‡N□ | 124 | -.8 | 5.25 | 1.3 | Oct May | 12.9 | 4618 |

## BUILDING MATS. & MERCHANTS

[illegible]

## BUILDING MATS. & MERCHANTS - Cont.

[illegible]

## CHEMICALS

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| AGA SKr | □ | 851½ | 0.7 | Q280% | 2.4 | May | 5'93 | – |
| Akzo Fl | □ | £73¼ | -1.5 | Q37½% | 1.8 | Nov May | 5'93 | – |
| Allied Colloids | †N□ | 122xd | -.8 | 2.4 | 2.8 | Feb Aug | 3.1 | 1551 |
| Amber Ind | †N | 70xd | – | 31.0 | 2.1 | Jun Aug | 5.12 | 1524 |
| BASF DM | □ | £125½ | 2.2 | Q22.0% | – | Apr | 5'93 | – |
| BOC | ‡N□ | 722xd | 8.8 | 24.8 | 1.1 | Feb Aug | 21.11 | 1860 |
| BTP | ‡†N□ | 308xd | -3 | 16.8 | 1.6 | Feb Aug | 19.12 | 1996 |
| Bayer DM | □ | £146¼ | 1.1 | Q22% | – | Apr | 6'93 | – |
| Brent | N□ | 159 | – | 4.0 | – | May Nov | 10.10 | 1043 |
| British Vita | †N□ | 224 | -.4 | 7.8 | 1.8 | May Nov | 19.9 | 1927 |
| Cambridge Iso 3 | | 33 | -23.3 | – | – | – | 11'91 | 2043 |
| Cinnlog (M) | ‡N□ | 186 | – | 7.29 | 0.8 | Dec Jul | 10.10 | 2053 |
| Cocenesse | ‡N | 41 | -6.8 | 2.7 | 8.8 | Oct Apr | 12.9 | 3378 |
| Warrants | | 12½ | -10.7 | – | – | – | – | 3795 |
| Courtaulds | †N□ | 445xd | 0.2 | 14.65 | 1.8 | Jan Aug | 5.12 | 2250 |
| Croda | †N□ | 393 | -.8 | 8.65 | 2.5 | Dec Jul | 12.9 | 2278 |
| Doeflex | ‡N | 132 | – | 4.6 | 2.1 | May Nov | 24.10 | 2369 |
| Engelhard $ | | £16⅛ | 5.7 | Q46c | – | MaJuSeDe | 3'93 | – |
| European Colour | ‡†N□ | 67½ | 4.7 | 1.37 | 2.5 | Jan Jul | 28.11 | 5172 |
| Gibbon | ‡N□ | 116xd | -1.5 | 6.5 | 2.0 | Feb Oct | 9.1 | 2690 |
| Hickson | ‡N□ | 129 | -.8 | 8.0 | 1.2 | Jun Mar | 12.9 | 2865 |
| Hoechst DM | □ | £133¼ | 0.8 | Q16% | – | Jun | 4'93 | – |
| Holliday Chemical | †gN□ | 236 | 2.9 | 4.4 | 3.7 | Oct May | 10.9 | 2010 |
| ICI | N□ | 758 | 2.1 | 27.8 | 8.8 | Oct Apr | 8.8 | 2987 |
| Inspec | □ | 219 | -.9 | 3.5 | 1.5 | Mar | 28.9 | 3090 |
| Kalon | ‡†N□ | 138½ | -.4 | 4.4 | 2.4 | Oct May | 22.8 | 3072 |
| Laporte | ‡†N□ | 701 | -2.9 | 21.2 | 1.7 | May Nov | 3.10 | 3135 |
| MTM | ‡N□ | 94 | 1.2 | 0.6 | – | Oct | 29.8 | 3250 |
| Manders | N□ | 298 | 1.0 | 10.0 | 2.9 | Mar May | 19.9 | 3276 |
| McLeod Russel | N□ | 114xd | – | 6.2 | ϕ | Jun Jul | 28.11 | 3323 |
| Metrotect Inds | ‡N□ | 60xd | – | 3.46 | 2.0 | Feb Aug | 19.12 | 2500 |
| Perstorp SKr | □ | £23½ | 1.0 | Q57½% | 2.9 | Feb | 1'93 | – |
| Porvair | ‡N□ | 300 | 0.7 | 4.4 | 2.9 | Apr Oct | 19.9 | 4861 |
| Scapa | ‡†N□ | 194xd | 0.5 | 5.80 | 1.9 | Feb Aug | 28.11 | 3935 |
| Sutcliffe Speak | ‡†N□ | 32 | -3.0 | Q0.87 | 2.9 | Apr Oct | 22.8 | 4142 |
| Wardle Storeys | ‡†N□ | 385 | -.8 | 17.25 | 1.8 | Jan Jul | 28.11 | 4431 |
| Wellington | W□ | 181 | – | 0.17 | 2.9 | Oct | 19.9 | 4198 |
| Wolstenholme | ‡N | 780 | – | 19.8 | 2.5 | May Nov | 26.9 | 4329 |
| Yorkshire | ‡†N□ | 397 | 1.4 | 0.25 | 2.6 | Apr Oct | 8.8 | 4581 |
| Yule Catto | †N□ | 277 | 0.4 | 8.55 | 2.0 | Jul Nov | 3.10 | 4587 |

## DISTRIBUTORS

[illegible]

## DIVERSIFIED INDUSTRIALS

[illegible]

## ELECTRICITY

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| China Light HK$ | ‡□ | 298½ | 2.6 | Q126c | – | JaApJuOc | 3'93 | – |
| East Midlands | ‡†N□ | 789 | -2.9 | 27.8 | 0.9 | – | 24.10 | 4924 |
| Eastern | N□ | 763 | -2.6 | 24.65 | 2.0 | Mar Oct | 18.7 | 4922 |
| London | N□ | 724xd | -1.8 | 24.8 | 2.8 | Feb Aug | 28.12 | 4932 |
| Manweb | N□ | 843 | 0.1 | 27.19 | 3.2 | Mar Oct | 18.7 | 4935 |
| Midlands | N□ | 787 | -.8 | 24.85 | 2.8 | Mar Oct | 18.7 | 4937 |
| National Power | †N□ | 488 | 1.5 | 13.1 | 2.8 | Jan Jul | 28.11 | 4891 |
| Northern | ‡†N□ | 950 | 1.2 | 27.85 | 3.8 | Feb Oct | 18.7 | 4958 |
| Northern Ireland | ‡†N□ | 380 | 0.6 | 11.9 | 3.0 | Nov Oct | 1.8 | 4959 |
| Norweb | ‡†N□ | 808xd | -1.3 | 24.5 | 3.2 | Feb Oct | 19.12 | 4960 |
| PowerGen | ‡†N□ | 594 | 0.9 | 13.7 | 3.2 | Jul Dec | 21.11 | 4961 |
| Scott Hydro | ‡†N□ | 317 | -3.6 | 13.02 | 2.5 | Mar Oct | 15.8 | 3119 |
| Scottish Power | ‡†N□ | 333 | -1.2 | 12.82 | 2.5 | Mar Oct | 8.8 | 2118 |
| Seeboard | ‡†N□ | 441xd | -1.8 | 12.45 | 2.8 | Jan Aug | 12.10 | 4964 |
| South Wales | ‡†N□ | 880 | -2.1 | 29.1 | 2.9 | Feb Aug | 18.7 | 4964 |
| South Western | ‡†N□ | 836 | -1.0 | 25.2 | 2.8 | Mar Oct | 18.7 | 4965 |
| Southern | ‡†N□ | 782 | -3.4 | 24.3 | 2.8 | Mar Oct | 18.7 | 4966 |
| Yorkshire | ‡†N□ | 716 | -3.4 | 24.6 | 2.5 | Mar Oct | 10.12 | 4983 |

## ELECTRONIC & ELECTRICAL EQPT

[illegible]

## ELECTRONIC & ELECTRICAL EQPT - Cont.

[illegible]

## ENGINEERING

[illegible]

## ENGINEERING, VEHICLES

[illegible]

## EXTRACTIVE INDUSTRIES

[illegible]

## FOOD PRODUCERS

[illegible]

## GAS DISTRIBUTION

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| British Gas | N□ | 309 | -1.2 | 14.5 | – | Jul Dec | 17.10 | 3912 |
| Calor | ‡N□ | 279 | 0.4 | 12.5 | 1.7 | Dec Jul | 14.11 | 2037 |
| Flogas | ‡†N | 280 | – | Q10.2% | 2.8 | Jan Jan | 28.11 | – |

## HEALTH CARE

[illegible]

## HEALTH CARE - Cont.

[illegible]

## HOUSEHOLD GOODS

[illegible]

## INSURANCE

[illegible]

## INVESTMENT TRUSTS

[illegible]

## INVESTMENT TRUSTS - Cont.

[illegible]

## INV TRUSTS SPLIT CAPITAL

[illegible]

# LONDON SHARE SERVICE

## INVESTMENT TRUSTS - Cont.

## LEISURE & HOTELS

## OIL EXPLORATION & PRODUCTION - Cont.

## PROPERTY - Cont.

## RETAILERS, GENERAL - Cont.

## TRANSPORT - Cont.

## OIL, INTEGRATED

## SPIRITS, WINES & CIDERS

## SUPPORT SERVICES

## WATER

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| Anglian | ♣†N☐ | 482xd | -1.0 | 23.6 | 1.7 | Feb Oct | 14.11 | 5402 |
| Bristol Water | †N | 1025xd | — | 34.4 | 2.1 | Feb Oct | 26.12 | 1850 |
| Chesra A | †N | 463xd | — | 14.9 | 2.3 | Jan Aug | 3.1 | 1848 |
| B N/V | †N | 446xd | — | 14.9 | 2.5 | Jan Aug | 3.1 | 1861 |
| Chester | †N | 200 | — | 5.35 | 1.9 | Jul Dec | 28.11 | 4171 |
| Dee Valley | †N | 350 | — | 9.49 | 2.2 | – | – | 4660 |
| East Surrey | †N | 413xd | 3.8 | 12.95 | 3.0 | Jan Jul | 12.12 | – |
| Mid Kent | †N | 215xd | 3.3 | 11.8 | 2.4 | Jan Jul | 12.12 | – |
| North West | †N☐ | 523xd | 0.2 | 23.75 | 2.6 | Feb Oct | 12.12 | 5422 |
| Northumbrian | ♣†N☐ | 700xd | -1.3 | 25.6 | 3.3 | Mar Oct | 21.11 | 5412 |
| Severn Trent | ♣†N☐ | 525xd | 0.8 | 23.42 | 2.7 | Apr Oct | 12.12 | 5432 |
| South Staffs | ♣†N | 1885 | 1.3 | 54.8 | 3.0 | Jan Jul | 28.11 | 2385 |
| South West | †N☐ | 483xd | 1.0 | 26.2 | 2.3 | Apr Sep | 12.12 | 5462 |
| Southern | †N☐ | 550xd | — | 23.65 | 2.6 | Apr Oct | 3.1 | 5442 |
| Thames | ♣†N☐ | 484xd | 0.2 | 23.3 | 2.5 | Feb Sep | 7.11 | 5482 |
| Welsh | ♣†N☐ | 628xd | -1.8 | 28.25 | 3.1 | Mar Oct | 2.12 | 5472 |
| Wessex | †N☐ | 381xd | 0.7 | 12.15 | 2.7 | Apr Oct | 3.1 | 5482 |
| York W'works | ♣†N | 328xd | 1.5 | 10.25 | 2.3 | Jan Jul | 10.12 | 3213 |
| Yorkshire | ♣†N☐ | 518xd | 3.4 | 23.6 | 2.8 | Feb Oct | 2.12 | 5492 |

## AMERICANS

## LIFE ASSURANCE

## OTHER FINANCIAL

## MEDIA

## OTHER SERVICES & BUSINESSES

## OTHER INVESTMENT TRUSTS

The following investment trusts are not eligible for inclusion in the FT-SE Actuaries Share Indices.

Approved by the Inland Revenue

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

## INVESTMENT COMPANIES

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service

## PAPER, PACKAGING & PRINTING

## RETAILERS, FOOD

## RETAILERS, GENERAL

FOR MERCHANT BANKS SEE BANKS, MERCHANT

## OIL EXPLORATION & PRODUCTION

## PHARMACEUTICALS

## PROPERTY

## TELECOMMUNICATIONS

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| BT | ♣†N☐ | 408xd | 5.3 | 17.3 | 1.6 | Feb Sep | 19.12 | 1925 |
| Cable & Wire | ♣†N☐ | 366xd | -2.7 | 8.48 | 2.5 | Feb Sep | 5.12 | 2005 |
| 7pc Cv Ln '08 | | £177½ | -3.3 | 07% | – | Nov Sep | 5.9 | 1369 |
| Nippon T & T | | £5412½ | 1.8 | – | – | – | – | – |
| Securicor | | 1595 | -1.2 | 3.4 | 12.9 | Apr Sep | 8.8 | 3979 |
| A N/V | | 870 | -1.4 | 5.4 | 12.5 | Apr Sep | 8.8 | 3980 |
| Security Servs | ♣N☐ | 790 | -1.8 | 8.54 | 5.5 | Apr Sep | 0.8 | 3986 |
| Vodafone | ♣†N☐ | 202½xd | 0.2 | 3.05 | 2.5 | Feb Aug | 28.11 | 5555 |

## TEXTILES & APPAREL

## CANADIANS

| | Notes | Price £ | W'k% ch'nge | Div gross | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|
| Amer Barrick | | 14⅜ | 4.5 | 20c | Jun Dec | – | – |
| Bk Montreal | | 11⅜ | -7.4 | $1.20 | JaJeAuNv | 3.11 | 1029 |
| Bk Nova Scot | | 11⅝xd | -6.9 | 21.24 | JaApJyOc | 4.1 | 1017 |
| BC Gas | ♥ | 631½p | -9 | 80c | FeMyAuNv | 12'93 | – |
| BCE | | 19⅞ | -8.9 | $2.72 | JaApJyOc | 6'93 | – |
| Brascan | ♥ | 885½p | -2.4 | $1.04 | JaApJyOc | 10'93 | – |
| Can Imp Bk | | 14⅞xd | -8.9 | $1.48 | JaApJyOc | 29.12 | 1037 |
| Can Pacific | | 9¾ | -7.5 | 32c | JaApJyOc | 12'93 | – |
| 4pc Deb | | 42 | – | 04% | Jan Jul | 5'93 | – |
| Derlan | ♥ | 353½p | -7.2 | 28c | MrJeSeDe | 6'93 | – |
| Echo Bay | ♥ | 686½p | 5.4 | 7½c | Jun Dec | – | 1070 |
| Gulf Can | ♥ | 185p | -7.4 | – | – | 3'93 | – |
| Hawker Sid | ♥ | 8⅜ | -8.9 | $1.09 | ApJyOcJa | 11'93 | – |
| Hudson's Bay | ♥ | 11⅞ | -1.2 | 92c | ApJeSeDe | 10'93 | – |
| Imperial Oil | ♥ | 20⅞ | -2.8 | $1.82 | MrJeSeDe | 3'93 | – |
| Inco | | 18⅞ | 2.2 | 40c | MrJeOcDe | 3'93 | – |
| Nova Corp Alberta | | 600p | -0 | 24c | FeMyAuNv | 3.8 | – |
| Rio Algom | ♥ | 11⅞ | 0.2 | 60c | Jun Dec | 4'93 | – |
| Royal Bk Can | | 11⅞ | -7.9 | $1.16 | McAuSeDe | 20.10 | 1180 |
| TVX Gold | ♥ | 434½p | 0.8 | – | – | – | – |
| Toronto-Dom | | 9¾xd | -5.8 | 88c | JaApJyOc | 12.12 | 1207 |
| Trans Can Pipe | ♥ | 7⅞ | -3 | 84c | JaApJyOc | 12'93 | – |

## SOUTH AFRICANS

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| Anglo Am Ind | | £31 | -6.1 | Q875c | 1.9 | Oct Apr | 3'93 | – |
| Barlow | ♣ | £5⅞xd | -7.8 | 056c | 2.9 | Jan Jul | 12.12 | – |
| Gold Flds Prop R | | 138xd | 2.2 | 060c | ♦ | Feb Sep | 31.1 | – |
| HK Props | | 87½ | 2.9 | Q67.1c | – | Feb Sep | 10'93 | – |
| SASOL | ♥ | 493 | -8.2 | 078c | – | Oct | 8'93 | – |
| SA Brews | † | £14⅞ | -4.8 | Q163c | 2.2 | Jan Dec | 21.11 | – |
| Tiger Oats | | 750xd | -1.7 | 085c | 2.8 | Jan Jul | 12.12 | – |
| Tongaat-Hulett | †† | 701 | -4 | 080c | 2.4 | Feb Aug | 1'94 | – |

## TOBACCO

| | Notes | Price | W'k% ch'nge | Div net | Div cov. | Dividends paid | Last xd | City line |
|---|---|---|---|---|---|---|---|---|
| BAT Inds | ♣†N☐ | 450 | — | Q25.87 | 1.6 | Jul Jan | 8.8 | 1717 |
| 12¾pc Ln '03/08 | | £116⅞ | 0.2 | Q12¾% | 28.4 | Jun Dec | 26.4 | – |
| Rothmans Intl Uts | †N☐ | 449xd | 1.1 | Q24.0 | 1.1 | Jan Oct | 2.12 | 3983 |

## TRANSPORT

## GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown. Prices and net dividends are in pence unless otherwise indicated.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Dividend covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Market Capitalisations are published on Tuesdays-Saturdays except for Investment Trusts and British Funds.

☐ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
♦ Figures or report awaited
♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
♣ Free annual/interim report available, see details below.
✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Rule 4.2(a) UK & Irish incorporated non-listed companies.
¶ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
♦ Merger bid or reorganisation in progress
§ Forecast dividend; cover based on earnings updated by latest interim statement.
♠ Unregulated collective investment scheme.

a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend. h Assumed dividend after scrip issue. m Interim higher than previous total. n Rights issue pending. o Earnings based on preliminary figures. s Dividend excludes a special payment. t Indicated dividend: cover relates to previous dividend. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Not subject to ACT. z Dividend includes a special payment: Cover does not apply to special payment. F Dividend based on prospectus or other official estimates for 1994-95. G Assumed dividend after pending scrip and/or rights issue. H Dividend based on prospectus or other official estimates for 1995. K Dividend based on prospectus or other official estimates for 1994. L Estimated annualised dividend, cover based on latest annual earnings. M Dividend based on prospectus or other official estimates for 1995-96. N Figures based on IIMR "Headline Earnings". P Figures based on prospectus or other official estimates for 1994. Q Gross. R Forecast annualised dividend, cover based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion.

## FT Share Service

The following changes have been made to the FT Share Information Service: Additions: SeePerfect (Food Prods), Innovative Techs (Hlthcare), Fleming Nat'l Res Ord & Wrts, Gartmore Shared Eq Junior Zero Pf, Legal & General Recovery (Inv Tsts), Hydro Int'l (Other Srvs & Bus) and Residential Prop (Prop). Deletions: Beckman (Eng), Pantheon Int'l Cv '96/97 (Inv Tsts) and Plantsbrook (Other Srvs & Bus).

## FT Free Annual Reports Service

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4 pm close January 13

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- A -
- B -
- C -
- D -
- E -
- F -
- G -
- H -
- I -
- J -
- K -
- L -
- M -
- N -
- O -
- P - Q -
- R -
- S -

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FINANCIAL TIMES

Continued on next page

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# NYSE COMPOSITE PRICES

*4 pm close January 13*

**Continued from previous page**

| 1994/95 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 17⅛ | 12¼ | SFeGd | | | | 25 3643 | 12 | d11⅞ | 11⅞ | -⅛ |
| 34½ | 30½ | SFePPipe | 2.80 | 9.2 | 8 | 77 | u34½ | 33¾ | 34 | +¼ |
| 28¾ | 12½ | SxFnP | 0.10 | 0.5 | 14 | 10402 | 17⅞ | 17⅛ | 17⅞ | +⅜ |
| 28¼ | 19⅝ | SaraLee | 0.68 | 2.7 | 54 | 9556 | 25½ | 25⅛ | 25¼ | -¼ |
| 58¼ | 41 | Scana Corp | 2.82 | 6.6 | 12 | 147 | 42⅞ | 42⅝ | 42⅝ | -⅛ |
| 20½ | 12½ | Scecorp | 1.00 | 6.7 | 9 | 7895 | 15⅛ | 14⅞ | 15 | |
| 45½ | 31¼ | SchererP | | | 26 | 465 | 43¼ | 42½ | 43¼ | +⅛ |
| 75⅞ | 54½ | SchrPl | 2.04 | 2.8 | 15 | 4372 | 72⅝ | 71¼ | 72⅝ | +1 |
| 63 | 50 | Schlmb | 1.20 | 2.4 | 24 | 4519 | 51 | 50½ | 50⅝ | -⅜ |
| 37⅝ | 23¼ | Schmadt(C) | 0.28 | 0.7 | 16 | 4355 | u37⅞ | 35½ | 37⅞ | +1¾ |
| 10⅜ | 5¼ | SchwtzIer | | | 7 | 39 | 6 | 6 | 6 | |
| 22¾ | 12½ | SdAtl | 0.98 | 0.3 | 37 | 3234 | 19⅝ | 19⅜ | 19⅝ | -⅛ |
| 19¼ | 13 | Scotman | 0.10 | 0.5 | 12 | 38 | 17⅜ | 17¼ | 17⅜ | -⅛ |
| 71⅞ | 37¼ | ScotP | 0.80 | 1.1 | 22 | 1821 | u71⅞ | 70¼ | 71½ | +1½ |
| 31 | 23 | Scripps | 0.44 | 1.6 | 13 | 100 | 28¼ | 28¼ | 28¼ | +⅛ |
| 28⅝ | 18½ | ScuddMAsF | 0.02 | 0.1 | | 172 | 19⅞ | 18⅝ | 19¾ | +¼ |
| 12⅝ | 8¼ | ScuddMEuF | 0.18 | 1.8 | | 192 | 8 | 8⅞ | 8 | |
| 18¼ | 12 | SeaCoB | 0.70 | 5.1 | 0 | 131 | 14⅜ | 13¾ | 13¾ | -1 |
| 16½ | 14¼ | SeaCt 4625 | 1.46 | 9.7 | | 5 | 15⅛ | 15⅛ | 15⅛ | |
| 26⅝ | 22⅞ | S'gate | | | | 710376 | u25⅝ | 25¼ | 25¼ | +⅜ |
| 32⅝ | 28¼ | Seagrm | 0.60 | 2.0 | 14 | 3911 | 29⅝ | 29⅛ | 29⅝ | +⅛ |
| 26¼ | 17½ | Seagull En | | | 29 | 773 | 17⅝ | d17½ | 17⅝ | -⅛ |
| 38¼ | 26⅝ | Sealed Air | | | 23 | 306 | u38¼ | 37⅞ | 38¼ | +⅝ |
| 65½ | 42⅛ | SearsR | 1.60 | 3.4 | 18 | 7379 | 48 | 47¼ | 47¾ | -¼ |
| 13¾ | 6¼ | Sefkgre Sd | 0.54 | 7.3 | | 311 | 11⅛ | 11¼ | 11½ | +¼ |
| 39¼ | 28 | Semamuel | 0.22 | 0.7 | 27 | 5037 | 33¼ | 32½ | 33 | +1¼ |
| 39¾ | 17⅞ | Sequa | 0.60 | 2.7 | 0 | 10 | 22½ | 22⅜ | 22½ | |
| 40¼ | 21 | SequaB | 0.50 | 2.1 | 12 | 20 | 24¼ | 23⅞ | 23¾ | -⅛ |
| 28¼ | 22½ | ServCo | 0.42 | 1.5 | 19 | 2757 | u28¼ | 27⅞ | 28¼ | +¼ |
| 28⅞ | 21½ | Sefelco | 0.92 | 4.0 | 13 | 256 | 23½ | 22⅞ | 23¼ | +¼ |
| 25 | 12⅞ | Shaw Ind | 0.22 | 1.0 | 10 | 4146 | 14⅞ | 14¼ | 14¼ | -½ |
| 25 | 16⅛ | ShawmutNt | 0.68 | 4.8 | 7 | 2720 | 18⅞ | 17⅞ | 18⅝ | +⅜ |
| 14⅝ | 7½ | Shelby Wil | 0.28 | 3.5 | 17 | 11 | 8 | 7⅞ | 8 | |
| 71¾ | 56⅞ | ShellTr | 2.44 | 3.7 | 22 | 61 | 66⅛ | 65⅞ | 66 | |
| 35¼ | 29½ | SherW | 0.56 | 1.7 | 15 | 1734 | 33⅛ | 32½ | 32½ | -½ |
| 25⅝ | 12⅛ | Shoney's | | | 8 | 2631 | 12⅞ | d12⅝ | 12⅞ | |
| 22⅞ | 11⅝ | Showboat | 0.10 | 0.7 | 14 | 1281 | 14½ | 13⅞ | 14⅛ | +⅛ |
| 20⅛ | 17¼ | Sierra Pac | 1.12 | 5.8 | 10 | 176 | 18⅝ | 18½ | 18⅝ | +⅛ |
| 0⅛ | | 4 SignetAgr | | | 2 | 0 | 7⅞ | 7⅞ | 7⅞ | |
| 43⅞ | 27¼ | Signet Bnk | 1.00 | 3.3 | 11 | 1838 | 30¼ | 29⅞ | 30¼ | +1⅛ |
| 33½ | 18⅞ | SilicnGr | | | 31 | 3282 | 32⅞ | 32¼ | 32¼ | +¾ |
| 13⅞ | 18⅞ | Sizzler | 1.12 | 10.7 | 23 | 00 | 10½ | d10⅛ | 10½ | |
| 9⅜ | 5¼ | Skizler | 0.18 | 3.0 | 1 | 76 | 6⅜ | 5¼ | 5⅜ | |
| 24½ | 18⅞ | Skyline | 0.48 | 2.7 | 12 | 53 | 18⅛ | 17⅞ | 18 | |
| 5 | 3½ | SL Inds | 0.00 | 1.3 | 13 | 60 | 4⅝ | 4⅜ | 4⅝ | +⅛ |
| 8½ | 2⅞ | SmithCorn | 0.10 | 3.0 | 22 | 546 | 3½ | 3¼ | 3⅜ | +⅛ |
| 17⅞ | 8⅞ | Smithfld | | | 14 | 952 | 11¾ | 11⅜ | 11⅝ | -¼ |
| 36⅞ | 26½ | SnBchA | 1.01 | 2.0 | 15 | 109 | 36½ | 35⅞ | 36½ | +⅛ |
| 34⅝ | 23⅞ | SnBcEqU | 1.10 | 3.4 | 14 | 3857 | u34⅝ | 34 | 34⅝ | +⅛ |
| 28¼ | 18⅞ | SnthNFd | 0.52 | 2.2 | 15 | 225 | 23⅞ | 22 | 23⅛ | |
| 28 | 20½ | Sauacker J | 0.80 | 2.1 | 20 | 32 | 23½ | 23¼ | 23½ | -⅛ |
| 44⅝ | 20 | SnDnT | 1.00 | 3.3 | 14 | 404 | 32⅝ | 32⅛ | 32⅝ | +⅝ |
| 21½ | 13⅞ | Snyder Oil | 0.28 | 1.8 | 24 | 310 | 14¼ | 14⅛ | 14⅛ | -⅛ |
| 34 | 23⅞ | Solectron | | | 10 | 3428 | 26⅝ | 25⅝ | 26⅝ | +1¼ |
| 34⅞ | | 28 Sonat | 1.00 | 4.1 | 13 | 3450 | 27½ | 26⅞ | 26⅞ | -⅛ |
| 63¼ | 49⅞ | Sony | 0.43 | 0.8 | 7 | 260 | 54¼ | 54¼ | 54¼ | -⅛ |
| 19⅝ | 10⅝ | Sotheby | 0.24 | 2.1 | 27 | 1138 | 11⅝ | 11⅜ | 11⅝ | +⅛ |
| 46⅞ | 36¼ | Source Cap | 3.60 | 9.0400 | | 29 | 40¼ | 39⅞ | 40 | |
| 45¼ | 27¼ | SouthCarE⅝ | 2.50 | 7.5 | | 3 | 33½ | 32½ | 33½ | |
| 24 | 16⅝ | SlAlandrd | 1.44 | 7.6 | 12 | 51 | 18⅞ | 18¼ | 18⅞ | +⅛ |
| 30 | 11⅝ | SthJwn | 0.50 | 3.9 | 31 | 3776 | 12¼ | d11¾ | 12⅛ | +⅛ |
| 22 | 15¼ | SCalWt | 1.20 | 6.9 | 11 | 10 | 17⅞ | 17⅞ | 17⅞ | |
| 23 | 16⅞ | SthMdCp | 0.80 | 4.2 | 9 | 698 | 19¼ | 18⅞ | 19¼ | +⅛ |
| 22 | 17¼ | SthNCo | 1.10 | 6.8 | 13 | 8258 | 20⅞ | 20⅛ | 20¼ | |
| 33⅞ | 24 | SouthwBSE | 1.65 | 6.0 | 11 | 37 | 27⅞ | 27¼ | 27⅞ | |
| 36¼ | 29¼ | SWBell | 1.70 | 5.3 | 81 | 2218 | 32⅞ | 32¼ | 33 | -⅛ |
| 39 | 19½ | SWAir | 0.54 | 8.2 | 14 | 13281 | 19⅝ | 19¼ | 19½ | +½ |
| 19⅞ | 13¼ | SouthWEas | 0.82 | 0.9 | 14 | 170 | 13⅞ | d13¾ | 13⅞ | +⅛ |
| 18⅞ | 12¼ | SouthWEngy | 0.24 | 1.8 | 11 | 600 | 13⅝ | d12¾ | 13¼ | -⅛ |
| 30¾ | 23¾ | SouthWPSv | 2.20 | 8.0 | 12 | 112 | 27⅞ | 27¼ | 27⅞ | +⅛ |
| 12¾ | 7⅞ | Spain Fund | 0.46 | 5.7 | | 45 | 8⅛ | 8 | 8⅛ | +⅛ |
| 7¼ | 4¼ | Sparton Cp | | | 9 | 31 | 4⅞ | 4⅞ | 4⅞ | |
| 18¼ | 10⅝ | SpherePD | 0.18 | 1.2 | 10 | 9 | 13⅞ | 13⅞ | 13⅞ | |
| 41 | 29¼ | Spring | 1.20 | 3.1 | 12 | 162 | 39½ | 38⅞ | 38⅞ | -⅜ |
| 40½ | 28⅞ | Sprint | 1.00 | 3.7 | 10 | 1361 | 27 | 26½ | 26⅞ | +⅛ |
| 10½ | 13⅞ | SPX | 0.40 | 2.4 | 5 | 134 | 17⅞ | 16¾ | 16⅞ | -½ |
| 19⅛ | 11¼ | Std Comm | 0.46 | 3.0 | 5 | 10 | 13¾ | 13¼ | 13¾ | -⅛ |
| 20⅞ | 14⅞ | Std Motor | 0.32 | 1.8 | 11 | 143 | 19⅞ | 19½ | 19¾ | +⅛ |
| 12⅞ | 6⅞ | StanPacR | 0.12 | 1.8 | 45 | 357 | 6⅝ | 6¼ | 6½ | |
| 38¼ | 21⅞ | StdPrd | 0.60 | 3.0 | 12 | 78 | 23 | 23⅞ | 23¾ | -⅛ |
| 32⅝ | 24⅞ | Standex | 0.84 | 2.0 | 14 | 37 | 31⅞ | 31¼ | 31¼ | -⅛ |
| 37 | 28¼ | Stanhome | 1.06 | 3.4 | 12 | 31 | 31 | 30½ | 31 | +⅛ |
| 44⅞ | 34⅞ | StnWk | 1.40 | 3.6 | 19 | 582 | 39¼ | 38⅞ | 39⅛ | +⅜ |
| 44¾ | 33½ | StarBnc | 1.40 | 3.7 | 8 | 46 | 38 | 37⅞ | 37⅞ | -⅛ |
| 25½ | 20 | Starrett | 0.68 | 3.1 | 15 | 28 | 22 | 21⅞ | 22 | +¼ |
| 29¾ | 22¼ | Std.FedBk | 0.84 | 2.8 | 0 | 2174 | 24½ | 23⅞ | 24½ | +⅛ |
| 7¾ | 6½ | StrlgBcrp | 0.24 | 3.7 | 11 | 154 | 6½ | d6⅜ | 6½ | |
| 14⅛ | 3⅞ | StarlgSwre | 0.68 | 0.0 | 41 | 10515 | u14¼ | 13⅞ | 14 | +⅜ |
| 14⅞ | 9¼ | StlEl | | | 11 | 125 | 12¼ | | 12¼ | |
| 36⅞ | 25 | StarlgSwre | | | 14 | 422 | 36⅛ | 35⅛ | 36⅛ | +⅝ |
| 10¾ | 5¼ | Stifel Fin | 0.12 | 2.0 | 0 | 55 | 6⅛ | 6 | 6 | -⅛ |
| 24 | 27¼ | Stone&Web | 0.60 | 1.0 | 38 | 85 | 33¼ | 33¼ | 33⅝ | +½ |
| 21⅛ | 9⅝ | Stone Cont | 0.71 | 3.8 | 5 | 2547 | 18⅞ | 18½ | 18⅝ | +⅛ |
| 27¼ | 19¼ | Stop Shop | | | 10 | 108 | 25 | 24⅝ | 24⅝ | -⅛ |
| 19⅝ | 13 | StrEqu | 0.68 | 6.1 | 13 | 120 | 14½ | 14¼ | 14⅜ | +¼ |
| 41¼ | 25 | StrTch | | | 18 | 524 | 472 | 31⅝ | 29⅞ | 31½ | +1⅞ |
| 39⅞ | 22⅞ | Stratus | | | 30 | 718 | 36⅞ | 36½ | 36⅞ | +⅜ |
| 18⅞ | 10½ | StrideRite | 0.38 | 3.5 | 19 | 1547 | 11 | 10⅞ | 11 | |
| 33⅝ | 23⅞ | Sturm Ruger | 1.20 | 4.0 | 11 | 122 | 30⅛ | 29⅞ | 30⅛ | +⅛ |
| 4⅛ | 2 | Suave Shoe | 0.30 | 13.3 | 0 | 2100 | 2¼ | 2¼ | 2¼ | |
| 11 | 10⅛ | Sun Dis A | 1.10 | 10.5 | 9 | 37 | 10½ | 10½ | 10½ | +⅛ |
| 8⅞ | 3⅞ | Sun Dis B | 0.24 | 5.8 | 3 | 27 | 4⅛ | 4 | 4⅛ | +⅛ |
| 7⅞ | 3¾ | Sun Energy | 0.20 | 5.2 | 21 | 30 | 3⅞ | 3⅞ | 3⅞ | |
| 48⅛ | 33½ | Sunoco | 0.60 | 1.8 | 10 | 270 | 32½ | 30⅞ | 37½ | +⅝ |
| 52 | 41 | Sndstr | 1.30 | 2.7 | 18 | 197 | 45⅛ | 44¾ | 45 | |
| 11½ | 7⅝ | SunshineP | 1.18 | 15.1 | | 216 | 7⅞ | 7⅞ | 7⅞ | |
| 3½ | 1⅞ | SunstnM | | | | 1661 | 1⅜ | 1⅜ | 1⅜ | |
| 51⅝ | 43⅞ | Sunbrd | 1.44 | 3.0 | 11 | 1083 | 48¼ | 48¼ | 48⅝ | +⅛ |
| 14⅞ | 10 | Super Food | 0.36 | 3.1 | 14 | 161 | 12¼ | 11⅞ | 12¼ | +⅜ |
| 46¼ | 24¼ | Superior | 0.16 | 0.7 | 18 | 932 | 27⅞ | 27 | 27¼ | -½ |
| 48½ | | 22 Supreme | 0.94 | 4.1 | 31 | 2265 | 23⅞ | 22¾ | 22⅞ | +⅛ |
| 20⅞ | 11⅞ | Susq Corp | 0.16 | 0.9 | 20 | 1324 | u20⅞ | 20¼ | 20½ | +⅛ |
| 23⅞ | 17 | Swiss Helv | 0.27 | 1.5 | | 112 | 18 | 17⅞ | 18 | -⅛ |
| 34¾ | 15⅞ | Symbol Tec | | | 25 | 488 | 29⅞ | 28 | 29¼ | -⅛ |
| 10¼ | 6⅞ | Syms Corp | 0.20 | 2.9 | 14 | 28 | 8⅜ | 8⅛ | 8⅛ | +⅛ |
| 19⅞ | 16⅞ | Synovus Fn | 0.45 | 2.4 | 14 | 102 | 18⅞ | 18¼ | 18⅞ | |
| 29¼ | 21⅞ | Sysco | 0.44 | 1.7 | 20 | 3263 | 25⅞ | 25⅜ | 25⅞ | +⅛ |

## - T -

| 1994/95 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 8⅞ | 5 | TCBY Enter | 0.20 | 3.7 | 17 | 235 | 5⅜ | 5¼ | 5⅜ | +⅛ |
| 43⅛ | 28½ | TCF Financ | 1.00 | 2.5 | 0 | 952 | 40⅛ | 39¾ | 40⅛ | +⅛ |
| 9⅝ | 7¾ | TCW Conv S | 0.84 | 10.3 | | 142 | 8⅛ | 8 | 8⅛ | +⅛ |
| 49½ | 34¼ | TDK Corp A | 0.43 | 0.9118 | | 11 | 47 | 46½ | 46⅝ | -⅛ |
| 2¼ | 1½ | TIS Mtgs | 0.08 | 4.3 | 11 | 2 | 1⅞ | 1¾ | 1⅞ | |
| 29⅞ | 14⅝ | TJX | 0.56 | 4.8 | 31 | 1336 | 14⅝ | d14¼ | 14⅝ | -⅛ |
| 18⅞ | 13⅛ | TNP Enterp | 0.80 | 5.3 | 12 | 39 | 15 | 14⅞ | 15 | +¼ |
| 77⅛ | 61 | TRW | 2.00 | 3.1 | 14 | 902 | 65⅞ | 64⅞ | 65⅛ | +⅜ |
| 39⅞ | 22⅞ | Talman Fd | 0.02 | 0.1 | | 664 | 26⅞ | 25⅞ | 26⅞ | -⅛ |
| 8½ | 5⅜ | Tallywhd | 0.42 | 5.2 | 21 | 617 | 8¼ | 7⅞ | 8¼ | +⅛ |
| 16¼ | 10 | Talley Pt | 1.00 | 7.8 | | 2100 | 13½ | 13⅛ | 13⅛ | +¼ |
| 44½ | 34¼ | Tandbrk | 1.76 | 4.5 | 16 | 902 | 39½ | 38⅞ | 39¼ | +⅛ |
| 19⅛ | 10½ | Tandem | | | 121 | 3151 | 18¾ | 17¾ | 18¾ | +1⅛ |
| 50⅝ | 30⅛ | Tandy | 0.72 | 1.5 | 19 | 1946 | 49⅞ | 49½ | 49⅞ | -⅛ |
| 12¼ | 7⅞ | Tanus Mon n | 0.70 | 7.7 | | 50 | 9¼ | 9¼ | 9¼ | +.58 |
| 4 | 2 | TCDChd | | | 37 | 30 | 2⅞ | 2½ | 2⅞ | -⅛ |
| 22⅝ | 18½ | Teco Energ | 1.01 | 6.8 | 14 | 646 | 20½ | 20¼ | 20⅝ | +¼ |
| 40½ | 23⅝ | Tidmx | 0.00 | 1.6 | 15 | 658 | 37 | 36 | 37 | +1⅛ |
| 29⅝ | 22¼ | TeleDa | | | 2 | 3251 | 25 | 24⅞ | 25 | +¼ |
| 38⅝ | 14¼ | Teldyn | 0.80 | 3.7 | 125 | 783 | 21½ | 21 | 21⅛ | +¼ |
| 46¼ | 33⅞ | TeleSpSA | 1.59 | 5.0 | 0 | 3448 | 34 | d33⅞ | 34 | -½ |
| 78 | 36 | Telmex | 1.51 | 4.1 | | 68942 | 37⅛ | d36 | 36⅞ | +1 |
| 56¼ | 43 | Templ | 1.00 | 2.2 | 31 | 1201 | 50⅛ | 49⅛ | 50 | +⅜ |
| 30⅝ | 10 | TempRExMk | 0.10 | 0.6 | | 439 | 20¼ | 18⅞ | 20¼ | +1 |
| 8⅞ | 3¼ | TemptonGrb | 0.80 | 8.9 | | 550 | 8¾ | 8⅝ | 8¾ | +⅛ |
| 0 | 0¼ | TempRGFd s | 0.60 | 8.1 | | 3444 | 8⅝ | 8⅜ | 8⅝ | +⅛ |
| 58⅞ | 37 | Tenneco | 1.80 | 3.7 | 13 | 6431 | 44 | 43¼ | 43¾ | +⅛ |
| 36 | 23⅛ | Teppco Ptn | 2.40 | 0.7 | 0 | 97 | 27⅞ | 27½ | 27½ | +¼ |
| 35⅝ | 20⅞ | Teradyne | | | 21 | 1743 | u35⅞ | 34⅞ | 35½ | +½ |
| 9⅞ | 4¼ | Terex | 0.08 | 0.9 | 0 | 22 | 8¾ | 8½ | 8⅝ | +⅜ |
| 13½ | 5⅞ | Terra Inds | 0.08 | 0.7 | 23 | 8510 | 12½ | 11½ | 12 | +½ |
| 12⅛ | 5¼ | Tesoro | | | 7 | 495 | 8⅞ | 8⅝ | 8⅞ | |
| 68⅛ | 53¼ | Texaco | 3.20 | 5.3 | 10 | 3877 | 60¼ | 59¾ | 60¼ | +⅜ |
| 30¾ | 29½ | Texas Ind | 0.20 | 0.8 | 9 | 52 | 31⅛ | 31 | 31⅛ | +⅜ |
| 89½ | 31 | Textron | 1.00 | 1.3 | 11 | 4004 | 76½ | 75⅛ | 75½ | -⅛ |
| 22½ | 17¾ | Texas Pac | 0.40 | 2.3 | 13 | 15 | 17⅞ | d17¾ | 17¾ | -⅛ |
| 43⅞ | 20⅞ | TxInst | 3.06 | 8.2 | 14 | 2122 | 33½ | 33⅛ | 33½ | +⅛ |
| 4⅞ | 2⅞ | Textl Inds | 1.10 | 46.3 | 2 | 103 | 2⅜ | d2⅛ | 2⅜ | |
| 60⅝ | 48½ | Textrn | 1.40 | 2.8 | 18 | 945 | 49⅞ | 49½ | 49⅞ | -⅛ |
| 4⅞ | 3¾ | Thackeray | | | 212 | 8 | 4¼ | 4¼ | 4¼ | |
| 24¼ | 14⅞ | Thal Cap | 1.90 | 12.7 | | 644 | 15⅛ | d14⅞ | 15 | -⅞ |
| 36½ | 20⅞ | Thal Fund | 0.07 | 0.3 | | 1510 | 22 | d20⅞ | 22 | +1⅛ |
| 47⅞ | 36 | ThermoElec | 0.12 | 0.3 | 22 | 486 | 46¾ | 46⅞ | 46 | -⅛ |
| 20 | 22¾ | Thiokol | 0.88 | 2.4 | 0 | 187 | 20 | 27¾ | 27⅞ | -⅛ |
| 71¼ | 59⅛ | ThBell | 2.34 | 3.3 | 20 | 410 | 69⅛ | 67⅞ | 68 | +⅛ |
| 15⅝ | 12¾ | Thomas Ind | 0.40 | 2.7 | 10 | 110 | 14¾ | 14⅞ | 14¾ | +⅛ |
| 25 | 17⅛ | Thor Ind | 0.48 | 2.3 | 21 | 3438 | 17¾ | d17⅞ | 17¾ | |
| 43⅞ | 28½ | Tiffany | 0.28 | 0.9 | 17 | 433 | 30⅞ | 30½ | 30¾ | -⅛ |
| 44¼ | 31½ | TimWorn | 0.36 | 1.0 | 126 | 10448 | 36 | 35¼ | 35½ | +⅛ |
| 37⅛ | 28¾ | TimMfr | 1.08 | 3.4 | 34 | 1611 | 31¾ | 31⅛ | 31¾ | +⅛ |
| 39¼ | 31⅛ | Timken | 1.00 | 2.8 | 65 | 623 | 35¾ | 34⅞ | 34⅞ | -⅛ |
| 0 | 2⅞ | TitanCp | | | 19 | 978 | 7½ | 6¾ | 6⅞ | -⅛ |
| 13½ | 10⅛ | Titan Pt | 1.00 | 0.9 | | 20 | 11¼ | 11 | 11¼ | +⅛ |
| 5⅞ | 4 | Todd Shp | | | 42 | 22 | 5¼ | 5¼ | 5¼ | -⅛ |
| 15⅛ | 8½ | Tollbthln Co | 0.58 | 6.2 | 112 | 36 | 9 | 8⅝ | 9 | +⅛ |
| 27¾ | 24⅞ | ToledoEx.81 | 2.81 | 10.6 | | 2 | 26⅝ | 26⅝ | 26⅝ | -⅛ |
| 19⅝ | 8⅞ | Toll Bros | | | 10 | 547 | 11⅛ | 11⅛ | 11⅛ | +⅛ |
| 75 | 54 | Tootsie Rl | 0.44 | 0.7 | 17 | 20 | 68⅞ | 68 | 68⅞ | +⅝ |
| 49½ | 32⅞ | Tchwrk | 1.12 | 3.1 | 9 | 2638 | 36⅞ | 35¾ | 36½ | +⅛ |
| 30½ | 20⅞ | Toro Corp | 0.48 | 1.7 | 11 | 887 | 28 | 28⅞ | 28 | -⅛ |
| 35 | 26¾ | Tosco | 0.64 | 2.2 | 13 | 278 | 29½ | 29 | 29⅛ | +⅛ |
| 19⅛ | 9.58 | TotalSyst | 0.09 | 0.5 | 48 | 14 | 17⅞ | 17¼ | 17¼ | +⅛ |
| 40⅞ | 29⅝ | TysFds | | | 17 | 8998 | 30⅞ | 29¼ | 30 | |
| 28 | 20½ | Transaminc | 1.92 | 8.0 | 9 | 32 | 31½ | 31¼ | 31⅜ | |
| 57⅞ | 48¼ | TrAnsB | 2.00 | 3.9 | 8 | 712 | 51⅞ | 51⅜ | 51⅜ | +⅛ |
| 57⅞ | 45⅞ | Transatlan | 0.36 | 0.7 | 13 | 471 | 56 | 54¾ | 54¾ | +¼ |
| 17 | 11⅛ | Transco | 0.89 | 3.8 | 83 | 1529 | 16⅞ | 16½ | 16⅝ | +⅛ |
| 13⅞ | 12½ | Transcnl R | | | 10 | 14 | u15⅞ | 15 | 15⅞ | +⅜ |
| 17⅞ | 10½ | Transtech | 8.25 | 2.0 | 12 | 2100 | 12⅞ | 12⅞ | 12⅞ | +⅛ |
| 43 | 30⅞ | Travlr | 0.60 | 1.7 | 0 | 5357 | 36½ | 34¼ | 35 | -⅛ |
| 18⅛ | 13⅞ | Tredegar | 0.24 | 1.4 | 583 | 28 | 17⅞ | 17½ | 17½ | |
| 37½ | 31⅛ | TriCont2.5 | 2.50 | 8.0 | | 2100 | 31⅞ | d31⅞ | 31⅞ | |
| 28⅛ | 9⅞ | Triarc | | | 8 | 137 | 11¼ | 11¼ | 11¼ | |
| 64½ | 48⅞ | Tribune | 1.04 | 1.8 | 17 | 1726 | 54 | 53½ | 53⅞ | +⅛ |
| 24½ | 19¾ | TriCon | 0.84 | 4.2 | | 198 | 20⅛ | | 20 | +⅛ |
| 47¼ | 30⅞ | Trinity | 0.68 | 2.1 | 17 | 1179 | 33¼ | 32¾ | 33 | +⅛ |
| 40 | 28½ | Trinova | 0.88 | 2.3 | 10 | 2461 | 29⅞ | 29¼ | 29⅞ | +¼ |
| 37⅞ | 24¾ | Triton | 0.10 | 0.3 | 21 | 1528 | 32¼ | 32¼ | 32½ | +⅛ |
| 43 | 40⅞ | Trustmk | 1.20 | 2.8 | 19 | 42 | 41½ | 41 | 41 | |
| 42 | 27⅞ | Tuesday B | | | 30 | 2000 | 3⅛ | 3 | 3⅛ | |
| 7⅞ | 4⅞ | Tultex Crp | 0.20 | 4.4 | 450 | 1299 | 4⅝ | 4½ | 4½ | +⅛ |
| 14⅛ | 5⅞ | Turkish In | 0.12 | 2.0 | | 70 | 6 | 5⅞ | 5⅞ | +⅛ |
| 20⅛ | 8¾ | 7wth Cent | 0.84 | 5.7 | 1 | 528 | 11⅛ | 11 | 11¼ | +⅜ |
| 24½ | 17 | Twin Disc | 0.70 | 3.7 | 11 | 8 | 19⅛ | 18 | 19⅛ | |
| 55¼ | 42½ | Tyco L | 0.46 | 0.8 | 10 | 1485 | 46¾ | 46⅝ | 46⅝ | |
| 0 | | 0 Tyco 7 | 0.10 | 2.0 | | 213637 | 5¼ | d5 | 5⅛ | |
| 6½ | 3⅛ | Tyler | | | 10 | 234 | 3¼ | d3⅛ | 3¼ | |

## - U -

| 1994/95 High | Low | Stock | Div. | Yld. % | P/E | Sls 100s | High | Low | Close Quote | Chge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 29¼ | 22½ | UJB Fin | 1.04 | 4.1 | 11 | 1241 | 25½ | 24⅝ | 25⅜ | +⅝ |
| 0 | 4⅜ | URS | | | 9 | 68 | 5⅜ | 5⅜ | 5⅜ | +⅛ |
| 51¾ | 42 | USFAG 4.1 | 4.10 | 0.1 | | 11 | 45½ | 45½ | 45½ | +⅛ |
| 38 | 17¼ | USG | | | 7 | 6249 | 23 | 22 | 22¾ | +1½ |
| 31½ | 23⅝ | UST | 1.30 | 4.5 | 15 | 1838 | 28¾ | 28½ | 28⅝ | +⅛ |
| 61¾ | 48¾ | USX CumPf | 4.08 | 8.2 | | 8 | 49⅞ | 49¾ | 49⅞ | |
| 150 | 83⅞ | UAL | | | 20 | 508 | 96 | d41½ | 95⅞ | +⅛ |
| 10½ | 1⅞ | UDC Hms | 1.68 | 122.2 | 0 | 1210 | 1⅛ | d1⅛ | 1⅛ | +⅛ |
| 24½ | 17½ | Ugi Corp | 1.38 | 6.9 | 17 | 88 | 20⅞ | 19¾ | 20 | +⅛ |
| 11¾ | 4⅞ | UNC Inc | | | 1 | 64 | 5⅝ | 5½ | 5⅝ | |
| 25 | 20¾ | Unicom | 1.60 | 6.5 | 70 | 1984 | 25 | 24⅝ | 24⅝ | -⅛ |
| 27 | 20½ | Unilt Inc | 0.40 | 1.5 | 23 | 1663 | 26⅞ | 26¼ | 26⅞ | +⅛ |
| 17½ | 11¼ | Unifirst | 0.10 | 0.8 | 13 | 101 | 12⅝ | 12⅛ | 12⅛ | |
| 74½ | 58⅞ | Unilvr | 1.68 | 2.2 | 10 | 10 | 73¼ | 73⅞ | 73¼ | +⅛ |
| 120⅞ | 100¼ | UnBkNY | 2.75 | 2.3 | 15 | 1119 | 118⅛ | 117¼ | 118¼ | +⅛ |
| 50⅞ | 42¼ | UnCamp | 1.56 | 3.2 | 40 | 1717 | 49⅞ | 49 | 49⅞ | +⅛ |
| 35⅞ | 21½ | UnCarb | 0.76 | 2.8 | 17 | 5866 | 30 | 28⅛ | 29⅞ | +¼ |
| 14⅞ | 8¾ | Union Carp | | | 17 | 2100 | 13¼ | 13¼ | 13¼ | |
| 54½ | 42⅞ | UnEl 3.50 | 3.50 | 7.8 | | 4 | 46 | 45 | 45 | |
| 57 | 51 | UnEl 4.50 | 4.50 | 8.9 | | 2100 | 54⅞ | 54⅞ | 54⅞ | -⅛ |
| 39½ | 30¾ | UnElec | 2.44 | 6.8 | 12 | 1580 | 35⅞ | 35½ | 35⅞ | +⅛ |
| 67⅛ | 43¾ | UnPac | 1.72 | 3.5 | 10 | 6283 | 49⅞ | 48¾ | 49 | +½ |
| 28⅞ | 19½ | UnionPlant | 0.92 | 4.1 | 9 | 428 | 23½ | 21⅞ | 22¼ | +⅛ |
| 22 | 16¼ | UnionTexas | 0.20 | 1.1 | 29 | 864 | 18⅛ | 18¼ | 18½ | -¼ |
| 2⅝ | 1 | UnitcFin | | | 0 | 144 | 1⅛ | 1 | 1⅛ | |
| 18½ | 8¼ | Unitrin | 2.77 | 28.4 | 10 | 9322 | 9¾ | 9½ | 9¾ | +⅛ |
| 3⅞ | 2⅞ | Unit Corp | | | 12 | 3 | 3 | 3 | 3 | +⅛ |
| 41⅞ | 29¾ | UnitAssnt | 1.04 | 2.9 | 10 | 172 | 35⅞ | 36¼ | 35⅞ | -⅛ |
| 15⅞ | 12¼ | UtdDomRty | 0.78 | 5.7 | 37 | 186 | 13⅞ | 13⅜ | 13¼ | +⅛ |
| 22⅞ | 17⅞ | UtdDomInd | 0.20 | 1.1 | 10 | 19 | 18⅞ | 18⅞ | 18⅞ | +⅛ |
| 55⅞ | 38⅞ | UtdKthern | 0.03 | 0.1 | 28 | 8261 | 44½ | 43⅞ | 44¼ | +⅛ |
| 40 | 28¾ | Utdltumn | 2.76 | 9.0 | 11 | 494 | 30⅞ | 30½ | 30½ | -⅛ |
| 6⅞ | 4⅛ | Utdrdcast | 0.26 | 6.8 | 10 | 12 | 3 | 3 | 3 | +⅛ |
| 13⅞ | 10¼ | UtdSpdnFed | 0.82 | 7.5 | | 57 | 10⅞ | 10⅞ | 10⅞ | +⅛ |
| 2 | 3/16 | UtdParkCM | | | 17 | 10 | 11 | 11 | 11 | |
| 15⅞ | 4 | USAir | 0.12 | 2.5 | 0 | 5400 | 4⅞ | 4⅝ | 4¾ | +⅛ |
| 18⅞ | 11¾ | USF&G | 0.20 | 1.4 | 6 | 4047 | 14¾ | 14¼ | 14¾ | +½ |
| 16⅞ | 12¼ | US Filter | | | 37 | 731 | u16⅞ | 16⅞ | 16⅞ | +⅛ |
| 29½ | 14 | USHome | | | 8 | 270 | 10⅛ | 10 | 17⅞ | +1 |
| 41⅞ | 30⅞ | USLIQp | 1.32 | 3.7 | 6 | 117 | 35⅞ | 35¼ | 35⅞ | +½ |
| 24 | 11¾ | USShoe | 0.32 | 1.7 | 27 | 4423 | 19 | 18⅞ | 18⅞ | |
| 32½ | 15⅞ | USSurg | 0.08 | 0.4 | 8 | 4890 | 20¾ | 20¼ | 20½ | +⅛ |
| 46¼ | 34⅞ | USWest | 2.14 | 5.0 | 12 | 8665 | 36⅛ | 35½ | 36 | -⅛ |
| 72 | 55 | UniTec | 2.00 | 3.1 | 14 | 2822 | 64 | 63⅞ | 63⅞ | +⅛ |
| 14¾ | 12¼ | UtdWater | 0.92 | 7.1 | 12 | 57 | 13 | 12¾ | 12⅞ | +⅛ |
| 21 | 13½ | Unitrode | | | 27 | 539 | 16¼ | 16⅛ | 16¼ | +⅛ |
| 34⅞ | 28½ | Univ Foods | 0.96 | 3.3 | 14 | 763 | 28⅞ | 28½ | 28⅞ | +⅛ |
| 18 | 15⅞ | Univ Hlth | 1.68 | 10.6 | 9 | 72 | 16 | d15¾ | 15⅞ | -⅛ |
| ⅛ | 0.05 | UnivMdl L | | | 0 | 31 | 0⅛ | ⅛ | ⅛ | |
| 14½ | 8¾ | Univer Crp | 0.30 | 2.3 | 16 | 33 | 13 | 12⅞ | 13 | |
| 26¾ | 17½ | Unimt Crp | 1.00 | 4.8 | 26 | 117 | 20⅞ | 20⅞ | 20⅞ | +⅛ |
| 

# FT GUIDE TO THE WEEK

## MONDAY 16

### European Parliament session

The European Parliament opens its first session of the new year in Strasbourg (to Jan 20). The assembly has grown to 626, with the arrival of 59 members from Austria, Finland and Sweden, which all joined the European Union on January 1. The main task on the agenda is to approve formally the new European Commission headed by Jacques Santer.

### EU finance ministers meet

The formal agenda contains two items: France setting out its objectives for the next six months, including initiatives on employment creation and convergence, and stock-taking after the December summit in Essen.

Discussions in the margins are likely to include currency market volatility and events in the European Parliament where MEPs criticised five of the 20 nominated commissioners and the allocation of portfolios during their confirmation hearings. Those criticised include Yves-Thibault De Silguy of France, nominated for the economics and monetary policy portfolio.

### Finnish-Russian relations

Finland steps up its diplomatic contacts with Russia this week. President Martti Ahtisaari visits St Petersburg today for talks with the city mayor, Anatoly Sobchak, while on Thursday Finnish prime minister Esko Aho will be in Moscow at the invitation of his Russian counterpart, Victor Chernomyrdin.

The two neighbours hope to strengthen trading ties and are expected to discuss the implications for bilateral relations of Finland's recent accession to the EU.

### Sri Lankan parliament opens

President Chandrika Bandaranaike Kumaratunga opens a new session of parliament in Colombo.

### Turkey introduces TL1m note

Turkey, which is battling triple-digit inflation, introduces a 1m lira ($25) bank note. The country's annual inflation rate for 1994 was 125 per cent.

### Greek vote on Mitsotakis

Greece's parliament votes on a proposal by the ruling Panhellenic Socialist Movement to suspend corruption charges against Constantine Mitsotakis, the conservative former prime minister.

Mr Mitsotakis is accused of ordering illegal phone taps of political opponents and accepting a $22.5m (£14.4m) bribe in the 1992 privatisation of Heracles General Cement, Europe's largest cement exporter.

### Tennis

The Australian Open begins in Melbourne (to Jan 29).

### Holidays

Japan (Coming of Age Day), Singapore, Sri Lanka, US (Martin Luther King Day).

The saga of Maurice Saatchi's eviction from advertising group Saatchi & Saatchi has by no means run its course

## TUESDAY 17

### Santer outlines programme

Jacques Santer, president-elect of the European Commission (left), gives an inaugural speech to the European Parliament in Strasbourg. He will outline the Commission's programme for its five-year term, due to begin at the end of this month, and request MEPs to support a vote of confidence in the Commission.

### French EU presidency

François Mitterrand, France's ailing president who is suffering from prostate cancer, makes what is likely to be his final appearance before the European Parliament to present the programme of the French presidency of the EU. Prime Minister Edouard Balladur will this week formally announce his candidacy for the French presidency. He has become the hot favourite to win the final round of voting on May 7.

### China-US trade talks

China and the US are scheduled to restart talks in Beijing today or tomorrow to try to avert a trade war over US complaints of intellectual property piracy in China. Last month, the US threatened to punish China with stiff tariffs on $2.8bn (£1.79bn) worth of its exports unless it acts to address US concerns. China pledged tit-for-tat sanctions against US goods.

### US economy

Figures showing the level of spare capacity and output may give insight into whether the fast pace of economic growth is fuelling inflationary pressures. December's industrial data is expected to show little change in the underlying growth rate, but the capacity utilisation index is expected to show some rise.

### Holidays

Malaysia (some states).

## WEDNESDAY 18

### MEPs vote on Commission

The European Parliament in Strasbourg votes on whether to approve Jacques Santer's European Commission. MEPs can only vote on the Commission as a whole, rather than individual nominees.

### Christopher meets Kozyrev

US Secretary of State Warren Christopher and Russian foreign minister Andrei Kozyrev meet in Geneva to discuss bilateral matters.

These are expected to include Bosnia, the Middle East peace process, expansion of Nato to eastern European nations, and arms control issues. Both sides are playing down the conflict in Chechnya, which Russia says is a purely internal affair.

### Rwanda recovery plan

The Rwandan government, including Prime Minister Faustin Twagiramungo, presents a $764m (£489.7m) plan for "national reconciliation and economic recovery" to international donors in Geneva. The two-day meeting will be followed on Friday by a UN appeal for more funds to meet humanitarian needs in war-shattered Rwanda and neighbouring countries.

### German visit for UN chief

Boutros Boutros Ghali, secretary-general of the UN, starts a two-day official visit to Germany. On the agenda are the possibility of Bonn expanding its role in the UN, both in peacekeeping operations and within the organisation itself; the crises in Chechnya and the former Yugoslavia; and the finances of the UN.

### Finnish president out east

Finland's President Martti Ahtisaari (left), fresh from his trip to St Petersburg, arrives in Indonesia at the start of a 12-day trip to the far east at the head of a Finnish industrial delegation. After Indonesia, the team visits Thailand, Malaysia and Singapore, before heading home on January 29.

### Quebec integration

Daniel Johnson, leader of anti-secessionist forces in Quebec, launches an anti-separatist campaign with a speech to the Empire Club of Canada in Toronto. Johnson is likely to advise the Anglo-Canadian establishment how to play its cards in the looming independence referendum campaign. Quebec's separatist government has promised to hold the referendum later this year.

### UK economy

December's data on retail prices and average earnings will be studied for clues about how long the recent inflation good news can last. Markets expect the headline retail prices index to show a small rise in the annual growth rate, partly reflecting the increased mortgage rate following the rises in base rates at the end of last year. However, the underlying index is expected to remain flat, highlighting intense high street price competition.

### Italian pilots strike

Alitalia, the Italian state airline, has warned of possible cancellations and delays on its flights, as the independent pilots' union plans a strike. The industrial action, in protest at planned restructuring of the airline, is scheduled to last from 12 noon until 4pm, and will mainly affect flights leaving Italy. The arrival of intercontinental flights will be guaranteed. Alitalia has advised passengers to contact their ticket agents for further information.

## THURSDAY 19

### China-Taiwan talks planned

Taiwan has proposed a further round of semi-official talks on disputes dogging civilian contacts between it and China. On the agenda are repatriation of aircraft hijackers, illegal immigrants and the settlement of fishing disputes. The talks are expected to start today and last until about January 27.

### BCCI ruling awaited

The Luxembourg court is again due to give its judgment on the proposed agreement for the creditors of the collapsed Bank of Credit and Commerce International. Last week it postponed judgment, saying difficulties with the scheme had been brought to its attention by the Luxembourg liquidator of the failed bank.

### UK economy

With Christmas representing a huge proportion of overall business, December's data on retail sales could prove crucial for assessing the health of consumer spending in the UK. The markets expect the data to show a small rise in the annual growth rate of retail sales, although economists remain sharply divided about the current strength of consumer confidence.

### Bundesbank council meeting

The policy-making body of the German central bank holds its fortnightly meeting in Frankfurt. Analysts do not expect any change in interest rates.

## FRIDAY 20

### Murayama faces rebellion

Japan's parliament begins a new session (to June 18). Prime Minister Tomiichi Murayama will be struggling to contain a walk-out of right-wing rebels from his Social Democratic Party, threatening the stability of his three-party coalition.

### FT Survey

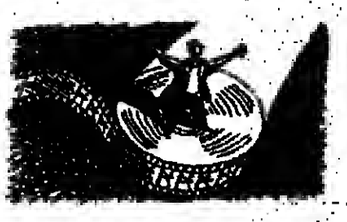
FT500. The FT500, recognised as Europe's principal barometer of business, ranks the 500 biggest European companies by market capitalisation. The survey also ranks the top 500 UK companies on the London Stock Exchange, the top 100 US companies and the top 100 Japanese companies, also by market capitalisation. The 200 top companies in Europe and in the UK are also ranked by turnover.

### Holidays

Brazil (Rio de Janeiro only), Spain.

## SATURDAY 21

### Golden Globes in Hollywood



The Golden Globe awards, Hollywood's annual throat-clearing before the Oscars, are announced in Los Angeles. Tom Hanks and *Forrest Gump* are favourites in the drama section, with *Pulp Fiction* moving up on the outside. Paramount is the studio with most nominations, followed by PolyGram. But the comedy/musical votes could well be Britain's. Hugh Grant and *Four Weddings And A Funeral* are strongly fancied, and Terence Stamp (*Priscilla*) and Emma Thompson (*Junior*) may also stand a chance.

### Rugby

The Five Nations championship starts, with Ireland meeting England at Lansdowne Road, Dublin, and France hosting Wales in Paris. Scotland play Canada at Murrayfield in Edinburgh.

## SUNDAY 22

### Tamil truce may be extended

A two-week truce between Sri Lankan government troops and Tamil rebels, who have been fighting a 12-year war for independence, is due to expire but is widely expected to be continued. It is the first truce to be negotiated since 1990.

*Compiled by Patrick Stiles and Carol Major. Fax: (+44) (0)171 873 3194*

## ECONOMIC DIARY

### Other economic news

**Monday:** A batch of crucial UK economic data due this week is likely to make Britain a key focus of market attention. Producer prices data for December will scrutinised for any sign that manufacturers are trying to pass on the recent surge in commodity prices.

Input prices are expected to rise further, but the annual growth rate in output prices is expected to be muted.

**Tuesday:** The Confederation of British Industry's business survey will be watched with particular interest following the recent fall in manufacturing output.

**Thursday:** In light of uncertainty about the line that the Republican-dominated Congress will take towards US-Japanese trade links, the US November balance of payments data could prova politically sensitive. Analysts expect the deficit to narrow slightly.

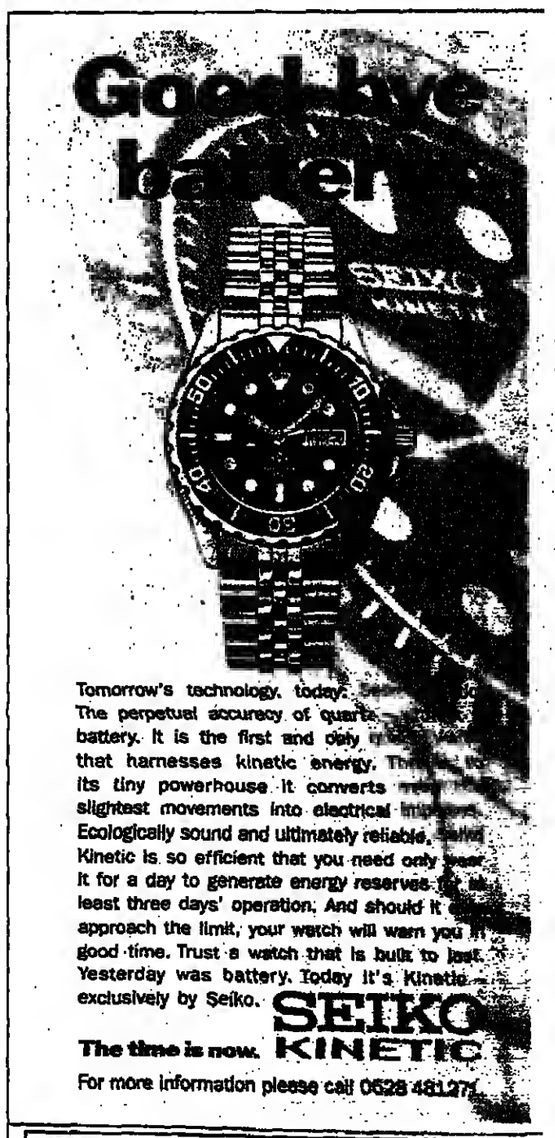
**Friday:** Japan's balance of payments data will be published this weekend.

Meanwhile, further indications of the slow recovery in France are likely to emerge in November's industrial data. The markets expect that output will have risen in November. However, inflation is expected to stay very low.

### Statistics to be released this week

| Day Released | Country | Economic Statistic | Median Forecast | Previous Actual |
|---|---|---|---|---|
| Mon | UK | Dec producer prices indx input* | 0.3% | 0.7% |
| Jan 16 | UK | Dec producer prices indx input** | 8.3% | 8.1% |
| | UK | Dec producer prices indx output* | 0.4% | 0.1% |
| | UK | Dec producer prices indx output** | 2.3% | 2.4% |
| | UK | Dec PPI ex food, drink & tobacco** | 2.7% | 2.6% |
| Tue | US | Dec industrial production | 0.6% | 0.5% |
| Jan 17 | US | Dec capacity utilisation | 85% | 84.7% |
| | US | Johnson Redbook w/e Jan 14 | - | 4% |
| | Japan | Nov mach ord ex-elec power/ships* | 9% | -1.8% |
| | Japan | Nov mach ord ex-elec power/ships** | 14% | 17.4% |
| | Canada | Dec lead indicator*† | - | 0.5% |
| Wed | US | Nov business inventories | 0.66% | 0.4% |
| Jan 18 | Japan | Jan wh'sale price indx (1st 10 days) | - | 0.0% |
| | UK | Dec retail price indx | 0.3% | 0.1% |
| | UK | Dec retail price indx** | 2.7% | 2.6% |
| | UK | Ditto ex mortgage int payments** | 2.3% | 2.3% |
| | UK | Dec unemployment rate | -32,000 | -43,400 |
| | UK | Nov average earnings* | 4% | 4% |
| | UK | Nov unit wages – 3 monthly** | -1.8% | -1.7% |
| | UK | Dec public sector borrowing req | £1.5bn | £3.6bn |
| Thu | US | Nov trade goods & services | -$9.5bn | -$10.1bn |
| Jan 19 | US | Ditto export (balance of payments) | $60.6bn | $59.7bn |
| | US | Ditto import (balance of payments) | $70.3bn | $69.8bn |
| | US | Initial claims w/e 14 Jan | 340,000 | - |
| | Japan | Nov shipments† | - | 0.9% |
| Thu | Japan | Dec money supply (M2/cash dep)** | 2.6% | 2.6% |
| Jan 19 | Japan | Dec broad liquidity** | - | 3.5% |
| (cont) | Japan | Nov industrial production† | - | -0.6% |
| | France | Nov trade balance† | FFr8bn | FFr11.2bn |
| | UK | Dec retail sales* | 0.3% | 0.0% |
| | UK | Dec retail sales** | 3.1% | 2.5% |
| Fri | US | Dec housing starts | 1.47m | 1.54m |
| Jan 20 | US | Dec building permits | - | 1.38m |
| | US | Jan Michigan sentiment prelim | - | 95.1 |
| | France | Nov industrial production*† | 0.6% | -0.6% |
| | France | Dec consumer prices indx, final** | - | 1.7% |
| | UK | Dec M4* | 0.4% | 0.6% |
| | UK | Dec M4** | 4.4% | 4.5% |
| | UK | Dec M4 lending | £3bn | £4.5bn |
| | UK | Dec bdg soc net new commitments | £2.8bn | £3.2bn |
| During the week... | | | | |
| | Japan | Dec trade balance | $12.6bn | $12.9bn |
| | Germany | Dec wholesale price indx* | 0.1% | 0.1% |
| | Germany | Dec producer prices indx* | 0.0% | 0.4% |
| | Germany | Dec producer prices indx** | 1.5% | 1.4% |
| | Germany | Dec M3 from 4th qtr base | 5.5% | 6% |
| | Italy | Nov producer prices indx** | 4.5% | 4.3% |
| | Italy | Nov wholesale price indx** | 4.4% | 4% |
| | Italy | Dec M2, 3-monthly average** | 3.4% | 3.2% |

*month on month, **year on year, †seasonally adjusted. *Statistics, courtesy M&S International.*


Tomorrow's technology, today. [illegible] The perpetual accuracy of quartz [illegible] battery. It is the first and only [illegible] that harnesses kinetic energy. [illegible] its tiny powerhouse it converts [illegible] slightest movements into electrical [illegible] Ecologically sound and ultimately reliable, [illegible] Kinetic is so efficient that you need only [illegible] it for a day to generate energy reserves [illegible] least three days' operation. And should it [illegible] approach the limit, your watch will warn you [illegible] good time. Trust a watch that is built to last. Yesterday was battery. Today it's Kinetic [illegible] exclusively by Seiko.

The time is now. SEIKO KINETIC

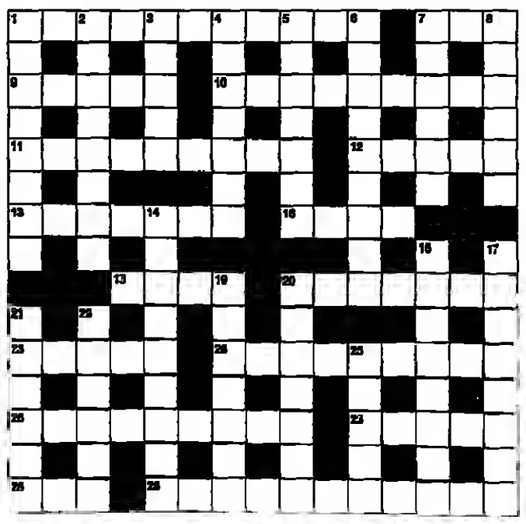
For more information please call 0628 481271.


### ACROSS

1 Shopkeeper has girl's fresh bread in it (11)
7 Dog found doll No 28 lost (3)
9 Stores having no time for hosiery (5)
10 Rebuilt ancestral home for many people (9)
11 Loved to walk around OK (9)
12 Very good engineer encloses bearing section (5)
13 No members do any ordering on time (7)
15 Clutch reversing canal-boat pointlessly (4)
18 A French door, half open (4)
20 Beast in untidy old helmet (7)
23 Please make time to exercise (5)
24 Passing river in which Ian's swimming (9)
26 Trophies directors put in lockers (9)
27 Fool paid father to leave ring in it (5)
28 Favourite doll 7 across lost (3)
29 Twenty pieces of timber seen at test matches (11)

### DOWN

1 Undecided man's to beat it outside (8)
2 Single male composer seeks role reversal (8)
3 Girl's bloomers (5)
4 One's too sensitive to have one (7)
5 Suspend scoundrel that's sullen (7)
6 Returns and gathers fruit in it (9)
7 One has a job throwing things (5)
8 Page on trade organisation causes split (6)
14 Threatening to swindle us out of annoyance (9)
16 Inland port in Bury (8)
17 Declares trade union is protected by laws (8)
19 Won't a rioter be in this province? (7)
20 Elizabeth leaves restaurant for an old club (7)
21 Wild time in camp variety (6)
22 Goods produced before place is on strike (6)
25 Backward student is about to work here (5)



### MONDAY PRIZE CROSSWORD

No.8,661 Set by GRIFFIN

A prize of a Pelikan New Classic 390 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday January 26, marked Monday Crossword 8,661 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday January 30.

Name.....

Address.....

**Winners 8,649**

A.S. Lowe, Ridgewood, New Jersey, USA
Jean Bissett, Bickley, Kent
A. Chency, Warlingham, Surrey
D.C. Godfrey, Twickenham
T.G. Hughes, Nepean, Ontario, Canada
Caitriona Malin, Bondi, Sydney, Australia

**Solution 8,649**

*Of broking and jobbing the Pelikan's fund,*
*See how swiftly he puts your word onto bond.*

Pelikan

JOTTER PAD


هكذا من الأصل